Daily Report

Latin America

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Cuba

Cuba: F. Castro Speaks on Fish Ponds at CTC Congress

PA2904202596 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Apr 96

[Report by Eva Alvarez from the Convention Palace in Havana]

[FBIS Translated Text] As for the topic of fish, which was brought up at the 17th Congress of the Cuban Workers Federation [CTC] by delegate Oscar Rivero Fernandez from the fishing cooperative in Santa Cruz del Sur, Camaguey Province, Commander in Chief Fidel Castro said he wanted to know if following the huge investments made in fry centers [centro de alevines] and intensive and semi-intensive fish ponds, where fish are fed with fodder, they have forgotten of the [word indistinct]. In this regard, he said he was concerned and wanted a closer examination of the data in order to learn of the economic effects because we cannot currently afford to make any plans without making preparations beforehand.

[Begin Castro recording] We have to be careful in each one of [word indistinct] the economic result. We must first consider the investments that need to be made and determine if we have other meat alternatives before we do what is really advisable. We must not get carried away by a sudden burst of enthusiasm. The experience you are getting with the semi-intensive and intensive fish ponds and with the reservoirs is very important because you have to bear in mind the costs of the 2,000 hectares of fish ponds. When we made plans for the fry centers in all the provinces, starting with the ones made at the Paso Malo reservoir, a great deal of equipment and resources were used. I share 100 percent your belief in taking maximum advantage of these resources, but since new ideas of how to produce them have emerged, we must estimate how much it costs us to produce it in reservoirs. We must see what we have in the intensive fish ponds because when the problem was brought up at the National Assembly, we heard that the [word indistinct] of the fish was too big, that a metric ton yielded so much, and that tilapia fish yielded the most. We must first study how much meat a tilapia fish produces, how much meat a pig produces, and how much meat this other animal produces. Without a doubt, if we collect enough information, we can draw the best conclusion as to what is the most advisable thing for us to do. We are no longer living the days in which we can do everything in one year. [end recording]

Commander in Chief Fidel Castro reiterated that we have to conduct an integral analysis of the problem and said that even though the marketing of fish has been well planned, fish are being killed because of the boats that fish in a disorderly manner and go off on their own.

Cuba: F. Castro Says Cuba Will Continue Promoting Tourism

PA3004032496 Havana PRENSA LATINA in Spanish 1819 GMT 29 Apr 96

[FBIS Translated Text] Havana, 29 Apr (PL) — Cuban President Fidel Castro said today that his country will continue promoting the development of tourism and that making progress toward this goal would contribute to winning the battle for the survival of the revolution.

Participating in the morning session of the 17th Cuban Workers Federation (CTC) Congress, Castro said the so-called pollution-free industry is a resource the island cannot do without under the current circumstances.

Cuba is experiencing a severe economic crisis following the collapse of the European socialist bloc and the intensification of the U.S. blockade and is determined to carry out an economic reorganization process in which tourism plays an important role. In this regard, he noted the progress made in this field and said gross income in this sector has exceeded the amount obtained from last year's sugarcane harvest.

Castro talked about a series of problems generated by the development of the tourism industry, among them prostitution and drugs, for which he called for an intensification of the measures being adopted in the country to fight these evils.

Castro said Cubans cannot live in a crystal urn and must be able to deal with these problems, because we are talking about a country with plenty of natural resources that it cannot stop using.

He said it will be the tourism workers themselves who will be the ones called upon to fight these evils, which he described as inadmissible in a socialist society.

He said Cuba's moral health due to the absence of drugs, gambling, and violence is an element that can place the island among the leading tourist centers in the world.

Cuba: Fidel Castro, Rodriguez on Production

PA3004162696 Havana Radio Rebelde Network in Spanish 2314 GMT 29 Apr 96

[Report by Demetrio Villaurrutia on exchanges by Economy and Planning Minister Jose Luis Rodriguez and Commander in Chief Fidel Castro at the 17th Cuban Workers Federation, CTC, Congress at the Conventions

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Palace in Havana — passages within quotation marks are recorded]

[FBIS Translated Text] [Villaurrutia] The steel industry and steel production were broadly discussed. Commander in Chief Fidel Castro and Carlos Lage delivered speeches. Production at the Antillean Steel Enterprise [Antillana de Acero] interested delegates to this labor congress. This topic was proposed by the steel sector's leader. The origin of scrap metal going to the steel enterprise, its current capacity, and raw material supplies were topics broadly discussed at the plenary meeting. Economy and Planning Minister Jose Luis Rodriguez said despite current problems facing the steel industry, the aim is to save it through swift application of technology and stable supplies of scrap metal:

[Rodriguez] "We have scrap metal, which we can currently export at more than $100 a metric ton. We can sell the Antillean Steel Enterprise's scrap at a price that is lower than what was previously agreed: $60 a metric ton. The truth is that the scrap that is bought here in the country is paid for at a certain cost. It has then to be processed, as has already been explained. The scrap has to be classified, broken up, and all this is an expense. We have tried to lower this even further, even at the expense of not exporting scrap and using it domestically, instead. The price of $52 was mentioned, but anyway, we still have not reached a balance. We need to decide what is best for the country and not what is best for the Antillean Steel Enterprise, or for the Raw Materials Union [Union de Materias Primas]. We have been studying all the alternatives, even importing, not scrap metal, but iron rods. According to our Cubametal, which is our enterprise that purchases metals abroad, iron rods can be purchased in the Caribbean at $237 a metric ton. We have to make a very careful study, just like we did this morning in the case of fish farming. When we make these decisions, which are strategic decisions, we need to consider all the elements. As I said at the beginning, I believe it is essential for the country to produce iron rods and steel. We have to do everything possible to maintain the Antillean Steel Enterprise. I believe actions are being taken to that end and we are doing this jointly with the [words indistinct] Ministry."

Regarding this important topic, Commander in Chief Fidel Castro asked about what could be the possible solution to the scrap metal topic and commented the following:

[Castro] "Jose Luis [Rodriguez], not only made a strictly economic study, but he also mentioned the strategic element, and our interest in keeping Antillean Steel Enterprise from closing down. All these calculations and feasibility studies, use of equipment, and everything, in order to save it. There is also a social reason: The thousands of workers. He said strategic; he insinuated the idea of maintaining it at the expense of certain sacrifices, while striving to make it profitable, and not simply as a technical or economic study, despite the fact that today's more modern and costlier technologies use less workers. It has helped a great deal that [words indistinct] arrived as well as scrap metal. We have to see how we made out attempting to save it. In other words, it is not just a simple economic forecast. Instead, it is a struggle so that the forecasts coincide with profitability or some needed sacrifice [words indistinct] studying it, and there is no option but to study it further."

[Rodriguez] "It is not just a matter of moving ahead, but instead it is the reason Antillean Steel has been operating all these years. In other words, over these years the decision has been for Antillean Steel to operate and to produce iron rods. It is preferable for the country to produce iron rods domestically even under conditions of reduced profitability and even without any profits. In reality, what has taken place these years is that Antillean Steel has been producing with very low efficiency levels. We cannot blame the Antillean Steel workers; I believe it has been a problem of adapting to the technology; electric power, as Ross said, has been low at certain times. The breakdown levels of their lathes have been high and this has made iron rod production more expensive. Lately the lack of scrap metal has worsened matters even further. Anyway, there is no doubt that we must ensure that Antillean Steel becomes productive. For this to happen prices on scrap metal need to be adjusted. What is most important is that we manage to produce in Antillean Steel at increasingly lower costs. This is what is going to help us the most in deciding on something that has already in fact been decided, which is that iron rods have to be produced in the Antillean Steel Enterprise."

Due to its importance, the Antillean Steel Enterprise must supply iron rods for the construction of 50,000 houses. The fact is that the plenary debate ratified the country's resolve to place this industry at one of the highest levels. This topic was part of a long debate on economic efficiency and the role the unions must play.

Cuba: CTC Congress' 29 April Afternoon Session

PA3004154696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 30 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] On the afternoon session, the delegates to the 17th Cuban Workers Federation [CTC] Congress discussed issues pertaining to, among others,

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the iron, steel, and metal industry; the motivation of workers; and the food plan. This is a report from the Conventions Center:

[Reporter Marta Moreno] The role of the workers movement in such significant sectors as tourism, agriculture, and the chemical, mining, and energy industry were featured in the second day of sessions of the 17th CTC Congress, which was always presided by Commander in Chief Fidel Castro and Army General Raul Castro, Communist Party of Cuba second secretary. Fidel has been the most active and thoughtful delegate: He thoroughly examined each issue and guided the debates on the solution of many problems, just as he did yesterday.

[Begin recording] [Castro] All the bicycles this country has distributed have been distributed at students' and work centers [words indistinct] you are not going to go center by center or ministry by ministry. If the nickel industry gets 10,000 or 7,000 bicycles, they are the ones who will distribute them. I imagine that, as a rule, they make consultations .

[First unidentified speaker] As a rule.

[Castro] If we give them to the agriculture sector... [pauses] we also give them to the ANAP [National Association of Small Farmers] and the UBPC's [Basic Cooperative Production Units]. How did you distribute those bicycles you received?

[First unidentified speaker] Through the unions.

[Second unidentified speaker] Through the unions, based on the best workers.

[Castro] Through the unions. The agricultural sector distributes them through the unions. Let us applaud the agricultural sector. [applause]

[First unidentified speaker] Practically...

[Fidel, interrupting] [Words indistinct] they do not consult with you, because whoever does not consult with the union is not an intelligent person. [applause] They now say that there are things that do not have a price in dollars, because they have a large and significant social value. We have to devote them to the revolution and the revolutionaries. [end recording]

[Moreno] On 29 April, seven resolutions were approved, including the actions of the workers' movement pertaining to efficiency, profitability, and socialist incentives. During the day, the UBPC issues and their impact on the distribution of food, the sugarcane recovery, and the workers' standards of living were debated. The candidacy of the CTC National Council was submitted, and the 1,900 delegates to the 17th CTC Congress are casting their votes as we broadcast this newscast.

The 5th plenary session on 30 April is expected to approve the resolution called The Defense of the Revolution; end discussions on the third issue; and start discussions on the fourth one, which deals with the current tasks of the union movement. The statutes of the CTC and other five resolutions are expected to be approved on 30 April, too.

[Begin recording] [Third unidentified speaker] This year, we produced 428,289 quintals of potatoes with a yield of 9,310 quintals per caballeria, with which we broke the 1995 record of 8,206 quintals per caballeria. [applause] [end recording]

[Reporter Jose Luis Rumbao] The food production issue and the improvements at the UBPC's were also debated in the last few hours of the 29 April session. At this time, the delegates discussed their experience and anecdotes on the reasons for the increase on the yields per caballeria and the diversity of tubers and vegetables that can now be found in the countries' territories. The dialogue held between delegate Gerardo Reyes, director of the Santiago de Cuba contingent operating in Ciego de Avila Province, and Fidel Castro was interesting:

[Begin recording] [Reyes] We can say here today that, despite the fact that they had seen a plant of potato for the first time, this year we have a production of more than 10,000 quintals per caballeria. [applause]

[Castro] When did you plant them?

[Reyes] We started planting them on 17 December.

[Castro] December?

[Reyes] December, and by hand.

[Castro] Did you weed out the uncultivated space between the rows [guardarrayas]? What for? Not to let the weeds root again?

[Reyes] We took the weeds out after the spacing between rows had been cut [chapeada].

[Castro] Had been cut. Why did you take them out? Not to bury them with...

[Reyes, interrupting] Not to bury them and to dry the land, which was too soaked.

[Castro] And to dry the land.

[Reyes] Huh?

[Castro] You finished planting them in January, didn't you?.

[Reyes] We finished planting them on 22 January.

[Castro] Did you have any problems?

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[Reyes] No, no problems.

[Castro] What was the average for these 15 caballerias?

[Reyes] Well, I just said 10,000 quintals per caballeria.

[Castro] All 15 of them?

[Reyes] All 15 of them.

[Castro] The same ones in which you cut the weeds and...

[Reyes, interrupting] The same ones in which we cut the weeds.

[Castro] The ones you finished planting in mid-January?

[Reyes] The ones we finished planting in mid-January.

[Castro] In other words, it was not the best of times?

[Reyes] No, no, no.

[Castro] It was not the best of times. These potatoes were supposed to be planted in December.

[Reyes] In November.

[Castro] This shows the potential. [end recording]

[Rumbao] A few minutes before the plenary session ended, he learned of the experience of Antillean Steel Enterprise [Antillana de Acero] in labor reorganization and the raw materials it needs to stabilize production. One debate clarified the country's position to save Antillean Steel Enterprise's production without forgetting that we now need political decisions based on profitable margins and the national economy. At the end of this newscast, food production and the improvements at the UBPC's are still being debated. Given their significance, these discussions will continue on 30 April.

Cuba: CTC Congress Approves 8 Resolutions

PA3004140496 Havana PRENSA LATINA 0123 GMT 30 Apr 96

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 29 Apr (PL) — The plenum of the Cuban Workers Federation (CTC) Congress today passed eight resolutions that sum up leading subjects debated during the event.

The resolutions, which received the approval of the congress attendants, had been previously discussed by the congress working commissions and include the suggestions presented at the workplace during the debate of the labor meeting's ideas.

The resolution referring to the labor organization included a call to strengthen the unions' two-fold role, both as representatives and leaders of the workers, raising their influence and capability as leaders.

In this regard, the proposal points out the need for stronger actions to raise the rate at which workers, in particular the young, who enter the labor force, become union members.

The proposal favors preserving the exercise of union democracy through a renovation process and by confirming mandates in the organization's sections and bureaus and further increasing the participation of young men and women in the labor leadership.

Another decision by the Congress, aimed at caring for the retired, calls for taking advantage of the wealth of experience and expert knowledge in obscure trades. Many of these persons are heroes, leaders, technicians, and professionals.

The labor movement favored to keep applying a firm policy of austerity in the use and control of available human, material, and financial resources to tackle the union's work.

In addition, CTC and its unions focused their attention on the efforts to make the socialist state enterprise efficient and competitive.

The labor movement recognized and endorsed the foreign investment policy in the country and will struggle for the efficiency of enterprises and corporations that operate with foreign capital.

Another resolution deals with the systematic introduction of scientific results in all sectors of the economy and society, and also to train union leaders so they can have a good command of these concepts.

The labor congress described socialist emulation as an instrument to create greater wealth. The congress said that the union movement will participate in the country's ongoing labor reorganization, contributing to the guarantee of justice in the process of relocating and requalifying workers.

The delegates highlighted the important role played by collective labor agreements, which the plenum described as essential instruments of the union to outline "all that must be done and also to do a better job."

Rejecting all evidence of discrimination against working women and reaffirming the need to meet the young people's needs also were the special concern of labor leaders.

The congress decided to firmly support the work of Basic Cooperative Production Units (UBPC), their higher production levels, and the best possible use of their human and material resources.

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One disposition that reflected the political opinion of the delegates dealt with the defense of the revolution, its improvements, and values.

The document points out that the Cuban labor union movement is aware that the only guarantee of its progress lies in the existence of the socialist revolution and proposes, as its leading objective, to untiringly defend, without ceasing or concessions, the survival and development of socialism in the island.

"We undertake as a priority task the preparation to defeat any attempt at destroying the revolution by force by exacting an impossibly high price from a military intervention in our country," the document says.

The document continues, saying that the defense of the national culture and identity is an essential component of the struggle to preserve the Cuban people's present and future independence.

Finally, the plenum approved the labor union's statute draft and held an election to choose the CTC council members.

Cuba: Castro Emphasizes Importance of People's Unity

PA3004134696 Havana PRENSA LATINA in Spanish 0142 GMT 30 Apr 96

[FBIS Translated Text] Havana, 29 Apr (PL) — Cuban President Fidel Castro emphasized today the importance of unity for the Cuban people; and he said socialism has been an essential factor for the achievement of that cohesion.

Fidel Castro recalled what neo-liberalism represents for the world and he emphasized how the revolution has been able to withstand the current difficult conditions.

Cuba faces a severe economic crisis worsened by the European socialist bloc's collapse and the strengthening of the U.S. blockade against the island.

The president said that milk for the children, schools, and free medical attention have continued under these circumstances.

This is only achieved by socialism, a united and revolutionary country, the Cuban leader asserted in one of his statements at the evening session of the second plenary meeting of the Cuban Workers Federation's 17th Congress.

That is why we must firmly defend the people's unity, he said.

He referred to the experience acquired by the Cuban people in capitalism and socialism, particularly the phase following the European socialist community's disappearance; and he emphasized the Cuban people's spirit of unity as an essential factor to solve problems.

Minutes earlier, a delegate addressed the plenary session and particularly praised the work carried out by workers in the health and education sectors and other important basic services; and he called for a struggle to fulfill the needs of all honest people in the country.

The delegate added: Hence the urgent need for effective solutions to the crucial production problem.

In an exchange of views with the speaker, the president emphasized that it is precisely these people who are the real instructors of socialism in Cuba, by revealing the differences between that system and capitalism.

Cuba: Workers, State Agree Economic Development 'Priority'

PA3004123096 Havana PRENSA LATINA in Spanish 0214 GMT 30 Apr 96

[FBIS Translated Text] Havana, 29 Apr (PL) — The country's economic situation, the approval of eight resolutions, and the election of the Cuban workers' labor union directorate were the focus of the second day of the 17th CTC [Cuban Workers Federation] Congress.

Labor leaders agreed with the country's top authorities in making the promotion of economic development the highest priority in order to overcome, as soon as possible, the period of shortages and difficulties — called special period in Cuba. Before this is done it will be impossible to meet the basic needs of the workers and general public.

There were many speeches on the progress achieved over the past year, but reference was also made to prevailing deficiencies, particularly in the farming of sugar cane and other crops.

Dialogue between President Fidel Castro, several ministers, and delegates delved into such issues as the production costs of each product in local currency as well as in freely convertible foreign currency, which reflects a greater economic awareness.

On the third day of sessions the evolution of the Basic Cooperative Production Units (UBPC), farming organizations created in 1993, and their impact on food production will be examined.

Also pending is a return to the issue of sugar cane recovery and the workers' standard of living.

A trio of important resolutions must be approved tomorrow: The role of labor unions in the revolution's defense, condemnation of the U.S. blockade, and international solidarity.

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At the end of today's session, the 1,900 delegates voted to elect the CTC National Council. The election results will be disclosed on 30 April.

Cuba: F. Castro on Production Difficulties, Science

PA3004212196 Havana Radio Rebelde Network in Spanish 1700 GMT 30 Apr 96

[Report by Diosdado Maso; from the "National Radio News" newscast]

[FBIS Translated Text] Science and technology continue to be the topics of discussion at the 17th Congress of Cuban Workers, which ends here today at the Convention Palace. The lack of industrial culture, added to the technological indiscipline, have brought us to a starting point in such an important sector for the development of our country. Fidel Castro Ruz, when commenting on the issue, said:

[Begin Castro recording] We don't have the virtues of an industrialized society. We are an educated people — or at least that is what we think — and everyday five, six, or 10 new cultural groups should be created. Farmers and foodstuffs producers don't appear everyday. This is a fact. In this country, all amateurs seek to become professional artists. That is the true. In addition, everyone wants to become a college graduate.

We were forced to impose restrictions on this. Everyone wants to be an intellectual in this country. This is a vice created by the revolution itself, by universities. They have created this vice because they lent themselves to the game of ministers. When they were asked how many engineers they needed, they replied 40,000, 30,000, God knows what number they wanted, because nobody knew anything.

And we are proud, on one hand, because we are an educated people. We know how to read, write. All books that are printed are not enough for us to read, but we don't know how to produce. I believe that this special period will finally teach us how to produce and how to work. It will teach us that we must work, that we cannot live in a fantasy.

We had the privilege of receiving a lot of aid in the past, but we were not lucky enough to be able to use the aid we received in an optimum manner. The advantage of all those who come to advise us is that they come from industrialized nations, that they learned about mechanization processes for decades, centuries. They know how to better organize work. They know about machines, how to make them work, produce.

And we [words indistinct] terrible self-sufficiency. I don't blame workers for that. I blame associations, managers, for their incompetence. It seems so necessary to introduce this economic element, education of the people, because the only problem is not a financial one. One hundred thousands pesos, more or less, is not the only problem. Finance is the most important of [words indistinct] 100,000 or 200,000 more workers. Socialism was not created for this. It was created to distribute work, to create jobs, useful jobs, productive jobs for society. [end recording]

After delegate Fidel Castro made the aforementioned statements, Florentino Rodriguez, a guest from the Spanish Labor Commissions, took the floor.

Cuba: U.S. Stake in Reducing Latin American Armies Viewed

PA2904163696 Havana PRENSA LATINA in Spanish 1430 GMT 26 Apr 96

["Exclusive" article by Division General Jesus Bermudez Cutino: "The United States: Do as I Say... Not as I Do"]

[FBIS Translated Text] As part of the new "world disorder" that the United States has attempted to impose in our planet for several years, it has been exerting pressure on the Latin American governments to reduce their respective armed forces and to focus their attention on the fight against drug trafficking, of course under the direction of the "incorrupt" and omnipresent DEA.

Most Latin American rulers and military leaders have rightfully rejected this objective. On several occasions, they have rejected, some more strongly than others, this "assignment" from Washington, which was drafted following the style of the instructions the military dictatorships gave in past decades, when the White House had a much more "flexible" concept on "human rights."

However, someone has touched on a sore point. Aside from ideological and political differences, the statements made by Major General Manuel Jose Bonett, Colombian military forces inspector general, are worthy of admiration. He went straight to the point when he clearly said: "The United States perhaps wants to reduce our military forces to intervene more freely in our territories...it should first reduce its own, which are larger by the day."

The instructions coming from Washington are not very difficult to interpret; it would be translated into Spanish more or less as follows: "You Latin Americans, as the Indians that you are, must not have too many means to defend yourselves. It is enough for you to have a small force to prevent drugs from entering the United States." In other words, reduce your armed forces, regardless of how much it could adversely affect the defense of

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sovereignty. Keep only your bows and arrows to kill drug traffickers.

Thus, if one day the 82d Airborne Division or the "famous" rangers who were dragged along the streets of Mogadishu have to land, there would not be much resistance. It would also be another operation similar to the Panama's "Just Cause." Perhaps if it were necessary to occupy San Jose, Costa Rica; Caracas; or Santiago de Chile, there would be only policemen interested in capturing drug traffickers.

While Washington asks, and sometimes demands, to reduce the Latin American armies, its armed forces continue to grow, perhaps not in the amount of units, but in the lethal power of its means and its mobility. What they could do with several tons of bombs a few years ago, today they practically do it with one or two bombs because of the very accurate systems with which their planes are equipped. Something similar occurs with their artillery and other arms systems, thanks to the U.S. taxpayers' pockets.

This is how they can search for respect throughout the world, which in fact they consider as their own backyard. This is why they are training their armed forces; they can even afford the luxury of feigning their reduction, according to the new conditions in the aftermath of the "end of the Cold War." They are certainly closing bases and installations that can no longer be put to a practical use. Let us hope that some day they will do the same with Guantanamo, thus taking away what constitutes an offense to our people.

They fulfill this world police duty anywhere, even though American youths are the ones who are paying the highest share in lives or such incurable diseases as the ones they contracted during the Gulf War. In this war, the U.S. military sustained 382 deaths and 467 wounded, of which 35 and 15 percent, respectively, were due to "friendly fire," in other words, to mistakes made by their own units. However, the Gulf Syndrome has already caused thousands of casualties in deaths and diseases. Meanwhile, 60 percent of the children of the military officers who fought in the war who were born after the conflict are suffering from congenital defects as a result of the battle.

In the meantime, they are getting ready to fight in two major regional conflicts almost simultaneously. By following the path of disarming countries, they could well fight in ten "little wars" at the same time.

Even though they do not always name these conflicts, they could take place in Korea, Yugoslavia, Colombia, Argentina, or perhaps Cuba (God forbid [Dios los libre]). In the meantime, they continue to train their armed forces and to ask Latin America to stop defending its sovereignty and devote itself to what interests the "master," because, as someone said not long ago at the United Nations, the peoples' sovereignty is "obsolete" and must be "limited."

For them, sovereignty works only in terms of those who want to rule the world, as if mankind's decorum had completely disappeared; and when many men stop having decorum, it would be as Marti predicted: "There will be others that will have within themselves the decorum of many men." If the search for decorum is the issue, let them visit Cuba, where it is a practice compatible with our raison d'etre.

Additionally, they accuse others of "excessive use of force," while coining the concept of "decisive force" to explain the performance of their troops abroad, possibly including Latin America. This concept translated into Spanish is nothing more than "killing sparrows with artillery fire."

It is akin to the tale of the priest who preached abstinence from the pulpit while living licentiously. When one of his parishioners confronted him for his conduct while preaching otherwise, the sagacious criollo retorted: "Do as I say, not as I do."

Cuba: Accord Signed With PRC To Promote Textile Industries

PA3004154596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 26 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] This afternoon in Havana, the PRC and Cuba signed an accord to promote cooperation and exchange in the textile and clothing industries. Carlos Lage, secretary of the executive committee of the Council of Ministers, attended the event.

The document promoting bilateral cooperation in textiles and clothing production was signed by Wu Wenying, president of the PRC's National Textile Council, and Light Industry Minister Jesus Perez Othon. The accord includes an economic feasibility study to jointly produce textiles and sacks with natural and synthetic fibers in an effort to replace imports.

The PRC and Cuba also agreed to exchange science, technology, and trade information on these industries. The Cuban side presented to the Chinese delegation 24 joint business proposals in the textile and clothing industries.

Wu Wenying stated that she was highly pleased with the results and affirmed they would discuss with Chinese businessmen ways to deepen and carry out bilateral

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cooperation. The Chinese delegation conducted a five-day visit and visited clothing workshops and textile factories. Wu Wenying held meetings with Carlos Lage, and the light industry, foreign trade, and economic cooperation ministers.

Cuba: Alarcon Tells Argentines Helms-Burton Law 'Absurd'

PA2904172296 Havana PRENSA LATINA in Spanish 1940 GMT 25 Apr 96

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 25 Apr (PL) — President of the Cuban Parliament Ricardo Alarcon said today that the drafting of the Helms-Burton law was an absurd and irrational idea. He added that its purpose is averting an irreversible process leading to the lifting of the U.S. blockade on Cuba.

Speaking before Argentine legislators, politicians, and businessmen visiting Cuba, Alarcon said that the law was promulgated at a time when the international situation and the growing number of U.S. businessmen who are opposed to the blockade favored a possible lifting of the siege against the island.

The delegation carried out a program organized by the Argentine Foundation for Development to inform congressmen representing the federal capital and the provinces of Jujuy, Catamarca, and Buenos Aires about the Cuban situation.

Alarcon briefed the visitors on the historical aspects of the differences between Havana and Washington, particularly after the revolution's triumph. He stressed that the Helms-Burton law is aimed at achieving what so far has been impossible: Getting the rest of the world to support the blockade against the Caribbean nation.

Nevertheless, he added, it goes beyond that, because it seeks to regulate Cuba's economic, political, and social future, leaving a post-revolutionary Cuba with less autonomy than any U.S. state.

Alarcon showed the Argentine mission a video detailing the numerous violations of Cuban airspace and maritime borders by planes and boats originating in the United States, operated by members of the most aggressive groups residing in Miami.

The film shows planes overflying the capital, crew members from those planes admitting those illegal actions and giving details on the paramilitary nature of their activities.

Alarcon explained that the organizers of those activities are groups supported by conservative U.S. political sectors, which ignore international civil aviation rules.

He said that the 24 February incident, during which two of those planes were shot down after they entered Cuban airspace without authorization, was used as a pretext to approve the Helms-Burton law and to intensify anti-Cuban propaganda.

As our economic development continues and the country advances, it will become obvious that implementing that kind of law is not possible, and much less trying to install in Cuba a government that would only need the White House's approval, he pointed out.

In a statement for PRENSA LATINA, Juan Yomber, deputy for the Argentine Yuyuy Province, said he was very pleased with the conversations he held with Cuban leaders and with the Cuban people during their visit of several days to Cuba.

He stressed: This increases the understanding between our peoples. The current situation in Cuba, resulting from the international situation, and particularly from the U.S. blockade, should be explained to the world in order to demand that the rights of the Cuban people be respected by all nations.

Meanwhile, Businessman Carlos Regueira expressed his fondness for the Cuban people, "represented by leaders of exceptional quality," as well as for its high-level businessmen and professionals.

He said that he has studied in detail the possibilities of conducting business in Cuba and is taking information to his country that will soon enable him to return to Havana representing Argentine commercial interests.

The members of the delegation will remain in Cuba until Sunday, when they will return to Argentina.

Cuba: Raul Castro Meets Eastern Army Leaders in Holguin

PA2904202396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], has met with the main leaders of the Eastern Army in Holguin Province to assess aspects of the socialist emulation program conducted between the three commands in the 1993-1995 period.

Division General Ramon Espinoza, chief of the Eastern Army, stated in his briefing that in the five categories [direcciones] in which the army attained first place there are shortcomings that are necessary to eliminate. He added that, in those categories in which the command did not attain first place, stronger efforts are needed.

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Espinoza listed the measures being taken to attain top honors.

[Begin Espinoza recording] The emulation was very hard, as I mentioned before, between the three commands. The review of the socialist emulation and the selection of the best command is an ever more difficult task, given the levels, stability, significant progress, and all that has been completed in the fulfillment of the main task. The results attained by the three commands are becoming ever closer and closer. [end recording]

The FAR minister described as outstanding and conclusive the briefing by the chief of the Eastern Army, who presented an overview of the work conducted in the three-year period and the six top guidelines on which the FAR is focusing, particularly shortcomings.

The best units of its kind were also recognized in the meeting.

The chiefs of the only two military units to get ratings of average explained the vigorous measures implemented to overcome the deficiencies and attain a rating of good or outstanding in the first year of the current three-year period.

The heroic border brigade, the only one of its kind in the country, received a special mention for the outstanding manner in which it has fulfilled its mission.

In connection with these issues, Raul stressed once again the importance of turning provincial defense training schools into mini-military academies dedicated to studying in depth the conditions of the terrain in the region, preparations, possible enemy incursion patterns, and tactics to flush them out, on the basis of available resources. Unit chiefs stressed existing problems among the soldiers under their command and efforts undertaken to overcome them. This is an essential task in order to maintain the first places attained, given the progress made by the other two commands.

[Begin Espinoza recording] Our top ranking rests on manpower welfare efforts, on the intelligence of that manpower, the top ranking of the [words indistinct] precisely on the technology. [end recording]

Raul stated that the FAR in general is the top winner of the emulation program, and reiterated that every minor detail must be readied for the war of all the people because the stronger we are, the more likelihood we have of avoiding it, and for us that would be the same as winning it.

At the conclusion of the meeting, Raul stated that, with the embrace I bestow upon the chief of this army command, I extend my greetings to the leaders of the party and government of the six provinces represented here.

[Begin Castro recording] From Guantanamo to Camaguey, and to the millions of militiamen who defend this sacred corner of the fatherland. [end recording]

Cuba: Raul Castro Congratulates Mill Meeting Sugar Goals

PA3004155796 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 26 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] During a recent tour of the eastern provinces, Army General Raul Castro, minister of the Revolutionary Armed Forces, attended a ceremony marking the fulfillment of the sugar production goals at the Antonio Maceo Agro-industrial Complex in Cacocum, Holguin, where he congratulated Granma's Arquimides Colina Agro-industrial Complex, which had also fulfilled its sugar production goal.

[Begin Castro recording] We headed to Bayamo to celebrate together with the people of Bayamo the 35th anniversary of the creation of the Eastern Army and also to celebrate it being the best command of its kind during the 1993-1995 period. [applause]

That day we were not planning to speak at this solemn celebration, which concluded with an outstanding military parade; however, while on the dais, we received a small sack of sugar from the first secretary of the party in Bayamo City, which was from the Arquimides Colina Mill, formerly known as Mabay, or the Glorious Mabay Soviet, that its workers formed upon the death of Machado, and historically managed to, ahead of its time, resist for four months. [applause]

Today, with your permission, I want to congratulate the Mabay Soviet, the Arquimides Colina Mill, for having fulfilled its sugar production goal that very same day. [end recording]

Cuba: Tax Official Says 72.9 Million Pesos Owed to State

PA3004174896 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] It has been determined, through audits and checks carried out during the first quarter of this year by the National Office of Tax Administration [ONAT], that 72.9 million pesos worth of taxes were owed to the state. Of that amount, 91 percent was owed by state sectors while the [words indistinct] which

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operates with freely convertible currency, owed $5.5 million. Some 17,212 audits of self-employed workers were carried out, resulting in 2.1 million pesos in tax debts.

ONAT also reported that, at the end of the first quarter, tax revenues were 22.6 million pesos more than tax revenues for the same period in 1995.

It was also disclosed that beginning on 2 May new stamps for conducting immigration paperwork will go into effect. These stamps have the same value as the preceding stamps, but differ in features of design and color. They can only be obtained at the offices of the National Bank of Cuba.

ONAT explained that those who have old stamps, which are still unused, can still use them for four months after 2 May.

Cuba: Council of Ministers' Lage on Nickel Industry

PA2904235396 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Apr 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Carlos Lage Davila, secretary of the Executive Committee of the Council of Ministers, has made a call to guarantee the survival of the Cuban nickel industry by way of efficient and productive work methods and by promoting workers' incentives and welfare. Lage made this call at the conclusion of an analysis on the performance of this industry, which is vital to the Cuban economy.

Lage has said the goal is to demonstrate that Cuban state enterprise can attain results such as those being reached and which include foreign capital, such as the Pedro Soto Alba Factory in Moa.

Lage, accompanied by several ministers and national and provincial political leaders, has toured Pinares de Mayari where studies are being conducted on the feasibility of building a new nickel factory in that area. Lage also has visited the Rene Ramos Latour [word indistinct] in Nicaro and the Felton Electric Plant, which is fully operational now. Lage later participated in a detailed analysis of the technical, financial, and labor performance of the Cuban nickel industry:

[Begin Lage recording] In addition to the recovery, a program of modernization has been initiated to reduce costs, to improve work conditions, and to increase capabilities. Its progression is encouraging the completion of the construction of a fourth nickel plant, even a fifth plant years from now. This looks very feasible in the future.

The cost of production is dropping, and I believe that the industry has overcome its worst period and that the new difficulties imposed by the Helm-Burton law are not going to block this process. [end recording]

Cuba: New Changes to Penal Code Said Being Prepared

PA3004002196 Havana PRENSA LATINA in Spanish 1845 GMT 27 Apr 96

[FBIS Translated Text] Havana, 27 Apr (PL) — Cuba is preparing new changes to the penal code as part of a stiffening of measures to fight the manifestations of corruption.

Attorney General Juan Escalona made the announcement while participating in the third commission of the 17th Cuban Workers Federation (CTC) Congress that began in Havana today.

Escalona spoke prompted by various labor delegates who spoke in favor of increasing controls and by the demands from enterprises and other organizations of the country to fight manifestations of crimes.

Escalona said the national program to fight corruption will include stiff penalties on certain actions in order to fight the manifestations of prostitution and new activities associated with crimes perpetrated by all kinds of officials in various enterprises. This will contemplate, he added, criminal activities that are not sanctioned today and that could affect the representatives of foreign companies.

In the midst of the applause by the hundreds of delegates there, he proposed that sanctions be stiffened on everything from drugs and the corruption of minors to parents who send their children to the streets to harass tourists. On this point, he said the changes could include measures pertaining to the rights of parents who behave in this manner. The attorney general said this crime must be nipped in the bud so we do not see in this country the sad spectacles existing in other nations, and he disclosed that some members of the management boards of national enterprises are under arrest and subject to investigation.

Other criminal activities that will be added to the current code deal with so-called influence peddling, and individuals who use false or valid connections to conceal improper conducts will be severely punished.

Escalona said it is vital for union sections at the base level to maintain a watchful attitude.

Numerous delegates spoke on the topic and unanimously endorsed the chapters on the matter contained

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in the draft resolution on the restructuring of labor, employment, wages, and labor incentives and relations.

Cuba: Party Official on Santiago de Cuba Harvest

PA3004172396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 25 Apr 96

[Report by Angel Leon Cabrera; passages within quotation marks are recorded; from the "NTV" newscast]

[FBIS Translated Text] [Leon] Cuban sugarcane workers are making an additional effort to produce 500,000 more metric tons of sugar in order to achieve the goal of the current harvest. Santiago de Cuba Province fulfilled its goal when the country learned that the 4 million metric ton mark was reached. Several provincial mills are still working to end the current harvest as a salute to the Cuban Workers Federation Congress and the 1 May celebration.

Santiago de Cuba has become the second province nationwide to achieve its sugar production goal of 231,500 metric tons. Workers in the mills of the province, including the three still grinding sugarcane, are celebrating.

Juan Carlos Robinson, Cuban Communist Party [PCC] first secretary in Santiago de Cuba Province, took advantage of this occasion to point out the good and the bad of the harvest:

[Robinson] "Not all mills have performed the same. It is important to find out which ones can improve their performance during the next harvest. This harvest has been shorter than the last one, but it was more efficient, sugarcane recovery marked a historic record in the province, and grinding levels were also higher, though they were lower than expected, and should improve in the next harvest."

[Leon] After 125 days of harvest, Santiago de Cuba has reached its goal, achieving 16 percent growth compared to 1995. This trend should continue in the future:

[Robinson] "I believe it is essential to increase sugarcane production in order to achieve higher and more efficient sugar production."

[Leon] The Paquito Rosales and Dos Rios mills held the end of the harvest ceremonies today. This also marks the beginning of the next harvest, and there is much work to be done:

[Robinson] "We must now focus on achieving the planting goals as soon as possible, planting after cutting. We also must work on the drainage of the fields."

[Leon] All mills in the province should be able to fulfill their goals by the end of the week. It has really been a big victory, with only one player:

[Robinson] "This harvest has been won by the people."

Cuba: 'Straight Talk' Program Views Corruption

PA3004211696 Havana Radio Rebelde Network in Spanish 1600 GMT 29 Apr 96

["Straight Talk" program with Renato Recio and Julio Garcia Luis, delegates to the 17th Cuban Workers Federation, CTC, Congress at the Conventions Palace in Havana, and program host Osvaldo Rodriguez — live relay]

[FBIS Translated Text] [Rodriguez] Good afternoon, listeners. This is "Straight Talk" here in Radio Rebelde. Today we are broadcasting this program from the Conventions Palace with two delegates, Renato Recio and Julio Garcia Luis. In addition to giving them a welcome, I ask that they announce the topic.

[Recio] Osvaldo, the topic is special and is a particular element of the debate and seems very important to us. It has to do with corruption.

[Rodriguez] What do you mean corruption? Other topics have been discussed here, such as the harvest, construction, and you bring the topic of corruption.

[Recio] I can understand that this may seem a bit strange to you because, as I said at the beginning, it is not the main topic. But remember, to make a culinary comparison: Certain foods such as squid, shrimp, lobster, need to have their outer covering removed to prepare them and remove the harmful, negative part that spoils the flavor. I believe corruption should be topic addressed often in all debates because it is akin to a cancer that threatens and has not spread yet, but is present in certain areas of the Cuban social body and has to be faced every day.

[Rodriguez] This is a topic that has also been debated at the congress. Let us see what Julito has to say.

[Garcia] All of us who attended the various conferences, both in the municipalities and provinces, and the discussions among the rank and file, when the issues were debated, see that this is not a new topic. It is a topic that is of increasing concern to workers, the unions, and it is only logical that here at the congress, in the various commissions when they met the day before yesterday, this topic came up very forcibly in various contexts.

[Recio] Today I heard Pedro Ross speaking about this. He was given a hearty applause.

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[Garcia] I think this is proof of the generalized feeling here in this plenary. Osvaldo, the people perceive that the efforts being made, both in the field of the economy as well as in the defense of the country's values and the defense of order and discipline, are threatened mainly by the corruption phenomenon in its various forms.

[Rodriguez] Why the threat? Renato, please go into this deeper.

[Recio] There's a commission, which met the first day of the congress debates, which defines the struggle against corruption as a strategic topic for the union movement.

[Rodriguez] Why strategic?

[Garcia] Because corruption is the counterrevolution's natural ally and is a natural ally of the enemy's ideology.

[Rodriguez] I would say it is the essence of the counterrevolution. It is not an ideological enemy but is an enemy of action.

[Garcia] Of course. It is not a stated idea or a concept, but it is a reality that can be expressed in ideas that are always corruptive to ideology itself. Corruption also weakens order, weakens governability, weakens the state, weakens morale; thus, it weakens the people's resistance and their capacity for struggle.

[Recio] I said that this struggle against corruption is strategic for the union movement. I ask, what can the workers, those rank and file men, do to struggle against corruption? Let us see, Julito.

[Garcia] Today we were hearing the debate on tourism and the role of the union was being examined, or rather the union's work in the hiring of workers for the centers. This is where a preliminary form of corruption can take place, which is cronyism, favoritism, and a violation of the worker's foremost rights. Sometimes this is how an extensive corruption phenomenon can begin. This is where the unions need to play their role. But theft can also be a issue such as diverting funds at the work center. The unions can act to stop this from happening.

[Recio] I want to continue discussing the idea Julio was speaking about. With regard to your question, what can the union do? This is what you asked.

Well, obviously, the union is not a police organization. It is not a watchdog. It is not a law enforcement organization. It is not an organization involved in applying punishment for the violation of the law. However, the union is part of, or is an expression of what can be referred to as the inside world, the moral environment of a group of workers. Without this inside world and this moral environment, little can be done against corruption and crime in general.

There are people who believe that crime is a matter that concerns the police, the courts, and the prosecutors only. This is a mistake.

Let me give you an example, Osvaldo, so you can understand: If you leave your doors unsecured, you are doing very little to cooperate with order and the struggle against crime, because you are creating all the conditions for theft.

[Rodriguez] But if the thief has the key, then things are different. Attorney General Juan Escalona recently said in one of the commissions that the problem does not lie at the level of workers or the rank and file.

[Recio] Yes, that is where we have the problem. Who has the key? Who is the owner? The owner is the working group. The administrator, the director, the manager, regardless of his name, is the representative. He is there to represent my interests. The union is, precisely, the expression that the work center, the enterprise, the working group, is owned by the workers. The administrator is there because the workers want him there.

[Rodriguez] I do not share that view because, many times, the administrator is there not because he was not chosen from below but was appointed by someone from the top.

[Garcia] I want to express an idea on this, Osvaldo. I think this is like AIDS, sometimes one thinks that it only affects other people. You never think it can affect you. Something similar occurs with corruption. Sometimes we think that other people are corrupt. However, they are the same real people who appear when the right conditions exist, when a lax attitude is adopted, when there is collusion, when such mafia-like collusion is allowed to make progress. The unions can help prevent this from happening if an atmosphere of discipline is created when facing certain problems.

[Rodriguez] Julito and Renato there is something we must pay attention to: A corrupt person almost always tries to corrupt everyone around him. There are times when no one will report this individual because a shield is built around him to protect him because he hands out pittances in return.

[Garcia] Osvaldo, I think it is obvious that the people lost their fighting spirit in the face of this crime. There are many reasons for it, but I am going to sum them up in one idea: People lost the incentive to keep a fighting spirit.

It is common knowledge that people say that they do not go to the police to report a case because it meant more suffering and sacrifice to the person reporting

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the problem than to the individual committing the crime. There were problems with that and perhaps such problems persist.

[Rodriguez] We criticized that in "Straight Talk."

[Recio] I heard it and I think it is true.

[Garcia] What is the basic problem? That which should not happen here and still occurs sometimes. Today, CTC [Cuban Workers' Federation] Secretary Pedro Ross said it: The workers who report corruption, suffer the consequences. They are inconvenienced, separated from their jobs, are not promoted, and are treated like troublemakers. This should not happen but it has.

You just asked, what is the union doing? Well, the union must protect the worker's right to act with revolutionary morals. This is a basic duty.

However, the union must not be the only one committed to this because it can be isolated and neutralized in the face of a problem. The union needs the support of higher level organizations. It needs the support of the municipality, the province, and the country itself.

[Recio] All what Julito just mentioned, Osvaldo, is true. The country's institutions must increasingly help to make sure that the workers' actions are aimed at fighting corruption. I fully trust that the Commission on the Struggle Against Corruption, a commission whose creation and development was announced by the attorney general of the Republic two days ago, will help a lot. We need a fast and easy way, an alternate way, we can resort to when we learn about a case of corruption. The commission is definitely the path, through appropriate channels, to report a case without committing ourselves, without getting too involved. It will effectively help in filing complaints through appropriate channels. I trust that it will help a lot.

[Garcia] This is linked to existing mechanisms to file the people's complaints and to report through the various state and political institutions.

Sometimes there are reports on corruption in housing and other complaints. As a result numerous problems have to be faced and you end up having to write letters. You keep sending letters here and there. However, no specific attention is given to the problem of corruption.

[Recio] There is also the case when someone talks about corruption just because his personal interests are affected and a big to do is made about it. In the end, we have learned of cases of persons whose morals are not that high and are accusing others of being immoral.

[Rodriguez] Believing that corruption only affects a person individually is widespread, and it is a huge mistake. We said it at the beginning and we repeat it now at the end: Corruption is a problem that affects the entire society. It endangers the power of the revolution. It is a threat. It is a weapon used by the counterrevolution and if it is not stopped, it will not only affect our stability and our present but the future of our children.

Well, we do not have much time. Julito are you going to conclude the program?

[Garcia] No, I am not going to conclude. I could sum up all of our ideas. But I want to insist that according to the profile that our society has been acquiring, Osvaldo, according to the responsibility it has been gaining with self-employment, joint enterprises, cooperatives, etc., corruption has turned into a bigger enemy than it was in the past. If it threatened us in previous years, it is now a bigger threat because the effect it can have on society is much more demoralizing, much more harmful. It has a higher political influence.

[Rodriguez] Within ourselves, perhaps tied to parts of the economy as you mentioned, we have the germ of corruption. It is linked to certain mechanisms, capitals and capitalists. It must be said that although this is something that existed within the country, it is also entering the country from abroad.

[Recio] Corruption is a scourge. It is a worldwide epidemic. All you have to do is read the newspapers everyday to realize that presidents, prime ministers, top-ranking officials are involved in it. Corruption is an epidemic like AIDS, it is everywhere.

In Cuba, just like AIDS, corruption has been too evident, but we are running the risk of being contaminated and we must prevent that. We must use preventive medicine.

Cuba: Symposium Marks Radio Station's Anniversary

PA2904123696 Havana Radio Havana Cuba in Spanish 1300 GMT 26 Apr 96

[FBIS Translated Text] The international symposium for Radio Havana Cuba's 35th anniversary concludes today in this capital after three days of sessions. The symposium includes the participation of representatives from major stations in other countries. Cuban parliament and Foreign Ministry officials will today offer lectures on the country's economy and Havana's foreign policy.

The symposium's participants yesterday condemned the ideological war launched against Cuba by various stations in the United States. Local and foreign journalists, leaders in the sector, and other radio communication experts criticized the radiophonic bombardment against the Caribbean nation with the broadcasting of more than 1,500 hours of subversive programs from U.S. territory every month.

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Radio Havana Cuba is much more than a Cuban radio station; it has Latin American flavor, it was stated by Jose Ramon Balaguer, member of the Communist Party of Cuba's Politburo. He gave the statement at the main event to mark the station's 35th anniversary, held on Thursday in the Cuban capital.

Balaguer recalled Commander Ernesto Che Guevara's active role in the creation of Radio Havana Cuba and the high spirit of sacrifice of its workers, who are always in the front line of combat against the imperialist propaganda's misrepresentations. Speaking on behalf of the foreign guests who participated in the activities marking the radio station's 35th anniversary, Paraguay's Ligia Prieto emphasized that Radio Havana Cuba is the voice of the people; and she stated her gratitude on behalf of the Paraguayan people.

Cuba: Paper Attributes Prostitution to Moral Decay

PA3004142596 Havana PRENSA LATINA in Spanish 1859 GMT 28 Apr 96

[FBIS Translated Text] Havana, 28 Apr (PL) — Continuing a discussion of the topic begun in its previous issue, the weekly JUVENTUD REBELDE (JR) today said that the number of persons currently engaged in prostitution in Cuba is "very unstable and hardly predictable."

The weekly magazine, published by the Union of Young Communists (UJC), surprised the public last Sunday when it called for an open analysis of this controversial topic, which is shocking, it says, not because of its magnitude, but because to the younger generations it "had only been a reference to the distant past."

JR explains that in Cuba the 1990's were marked by the so-called "prostitution boom," which was mainly determined by the deterioration of living conditions in the country following the collapse of Europe's socialist bloc, which was Cuba's leading commercial partner.

According to the publication, the current prostitution is not mainly a desperate strategy for survival, but a consequence "of the decay in moral values at the social level."

It adds that this situation is the logical result of the economic crisis faced by the nation, which resulted in a framework within which "what was unacceptable some time ago has become tolerable today."

The loss of values, JR goes on, "strengthens the Western model of consumerism" and makes people react to the same problem in different ways.

After recalling that in 1959 the revolution inherited from the previous regime approximately 100,000 prostitutes who were subjected to a process of social reintegration, mostly on a voluntary basis, the Cuban weekly wonders: What kind of prostitution do we have today?

What motivates today's "prostitutes," it answers, is the opportunity to earn, without much physical effort, the means to support their model of happiness: Having a currency of high purchasing power, clothes or electric appliances, and "to a great extent, the possibility of marrying a foreigner and leaving the country."

"They are not always rejected by the community," JR stresses and adds that this contrasts, paradoxically, with the ethical guidelines in place in the government and political institutions and the strong rejection prostitution experienced here in recent decades.

According to the article, many "prostitutes" do not see themselves as prostitutes, an occupation they view as degrading, but rather as sex workers or "strugglers" (people who are struggling to make ends meet). The article also criticizes "the bombardment by the foreign media," which often carries slanted and [words indistinct].

The weekly denies that the state condones or participates in the organization of "sexual tourism" in the island and refers to the Spanish magazine TIEMPO, which last September published a report of "barefaced lies" on how the Cuban authorities received a commission for this business.

JR stresses that the "prostitutes" are used over and over to try to demonstrate the deterioration or inviability of a system that was able to eliminate the sex trade from its social spectrum and therefore disappoint all those people throughout the world who admire Cuba's social achievements regarding women's dignity.

JR points out that this phenomenon does not involve a majority of the Cuban population and instead occurs "in areas with a greater influx of tourists and foreign investment."

It concludes by warning about the high incidence of HIV-positive persons (AIDS carriers) among Cuban pimps and prostitutes, emphasizing that even though they constitute a "relatively small portion of the population, the incidence of this disease is highly conspicuous" among them.

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Haiti

Haiti: 'First Air Link' Planned With Cuba To Begin 3 May

PA3004171196 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The first air link between Cuba and Haiti will begin on 3 May, and the United States has reacted to the development. The U.S. Embassy in Port-au-Prince has acknowledged that the United States has nothing to do with either the resumption of diplomatic relations or the air link that will be established between Port-au-Prince and Havana.

The U.S. Embassy says that the resumption of [words indistinct] will be done within the scope of the restoration of diplomatic relations between the two countries. According to the U.S. Embassy, the United States plays no part in this development.

Haiti: U.S. Reaction to Air Link With Cuba Viewed

PA3004171496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] U.S. Ambassador to Haiti William Lacy Swing has said that the United States does not want to interfere in relations between Haiti and Cuba. He made this statement in reaction to the first flight that will take place between Haiti and Cuba on 3 May.

Swing added that the two countries are sovereign nations [words indistinct]; however, under the Helms-Burton law, which is aimed at reinforcing the U.S. embargo against Cuba, any countries that have commercial relations with Cuba will be sanctioned.

Swing did not want to give his opinion on this point, but reaffirmed that the United States will not have ties with Cuba. [passage omitted]

Haiti: Advisor Cited on Ties to Cuba, First Flight

PA3004171796 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The inauguration of the first flight between Cuba and Haiti will take place on 3 May, according to Alix Lafond, advisor to the state secretary of tourism. Haitian Government representatives and various travel agencies will participate in the inaugural flight.

The air link between Santiago, Havana, and Port-au-Prince falls within the scope of the restoration of diplomatic, political, and economic relations between Haitian authorities and Cuba.

According to Lafond, the air link is already a step in this direction. The plane will leave Port-au-Prince every Friday and return to Haiti every Sunday. He said that it will facilitate commercial exchanges and reinforce the ties between the two countries. [passage omitted]

Haiti: Preval on Deportation Issue With Dom. Republic

PA3004191896 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] Haitian President Rene Preval has reacted to the deportation of Haitians living in the Dominican Republic. Preval said that, as a sovereign nation, the Dominican Republic has the right to expel foreign nationals from its territory, including Haitians. But the Haitian head of state added that the Dominican authorities should at least inform Haitian officials before making this decision due to the good relations already existing between the two countries and the ties they would like to establish in the future.

He confirmed that he met with the Dominican ambassador to Haiti, who went to Santo Domingo last Friday in order to regularize the situation. The ambassador intended to frankly discuss the issue with Dominican authorities about any decisions on the expulsion of Haitians.

According to the president, the Dominican officials should inform Haitian authorities, because it would allow Haiti to prepare for the arrival of the nationals after their expulsion. [passage omitted]

Haiti: Preval Comments on Privatization Plans

PA3004211596 Port-au-Prince Tropic FM in French 1100 GMT 29 Apr 96

[From the "First News" newscast]

[FBIS Translated Text] Negotiations between Haiti and its main international sponsors, such as the World Bank and the IMF, will continue this week. After 15 days of talks, we cannot say for sure what is being discussed, as the media was not invited to listen in on the talks.

We believe the talks will be even more profound this week due to the 15 May deadline, which must be respected by the various negotiators. We know that the discussions focused on the economic reforms that will

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be made within the Haitian public administration and state-owned enterprises.

In addition, President Preval once again commented on the pressing issue of privatization while inaugurating the new headquarters of Sogebank in Delmas on 27 April. In an aside, he said it is not question of selling the state-owned enterprises:

[Begin Preval recording, in Creole] I believe there is a question of semantics in the debate over privatization. This is why today we have made a concrete proposal that people can discuss. We just described the concrete proposal: It is that the government should remain the owner of the enterprises and, as equal partners, work with private investors, who have the technology to help us develop these sectors. The money we do not have today [words indistinct].

First, in terms of revenue for the Haitian Government, 35 percent of revenue will go to the government. As an entrepreneur, we will split the remaining 65 percent with the other investors. This means the Haitian Government will have 67.5 percent of the profits of the enterprises and will leave 22.5 percent of the 67.5 percent for territorial communities, Communal Section Administration Councils, departmental communities, etc. [end recording]

Haiti: FNCD Vows To Continue Anti-Privatization Efforts

PA3004192096 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] The National Front for Change and Democracy [FNCD] said that it does not agree with the economic plan the government would like to implement. During an extraordinary meeting held by front leaders and 300 of its members, the FNCD strengthened its anti-privatization position.

The FNCD members swore to participate in all protests against the neo-liberal plan, which is advocated by international financial institutions that are currently negotiating with the government within the scope of economic reforms. The FNCD said it will participate in the demonstration scheduled for 1 May.

Evans Paul, FNCD spokesman and former mayor of the capital, said that a national debate must be held so that all Haitian citizens can decide upon a plan to extract the country from the current crisis. Paul said the FNCD is ready to participate in all efforts against privatization in the country. Paul explained during the meeting on 27 April:

[Begin Paul recording] [passage omitted] The FNCD will keep mobilizing and will inform more people nationwide about the necessity of a national conference that could produce an emergency plan for the country. [passage omitted] [end recording]

Haiti: National Police Academy Director Resigns

PA3004185496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Apr 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] National Police Academy Director Lucien Jean-Chenet resigned over the weekend. In a note sent to the general management of the police, Jean-Chenet speaks of the administrative difficulties he is facing at the police academy, while stating that the conditions under which the academy is working are not at all good.

He said that the police management did not respond to his charges about these problems. Jean-Chenet, who says he was obliged to resign, acknowledges that Haiti is experiencing today large economic problems; however, sacrifices must be made so the institution can move forward.

Jean-Chenet tendered his resignation over the weekend as administrative director... [pauses] as director of the National Police Academy.

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Mexico: Senate Approves Satellite Agreement With U.S.

PA3004212396 Mexico City XEW Television Network in Spanish 0300 GMT 30 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Senate of the Republic has approved the new agreement on satellite communications between Mexico and the United States.

The Senate approved with 73 yeas, 23 nays, and two abstentions the treaty between the Mexican and the U.S. Governments on the transmission and reception of satellite signals to provide service to users in the two countries. In keeping with the principle of reciprocity, this agreement stipulates the following:

1. Mexican operators will provide services in both Mexico and the United States;

2. Mexican satellite operators will be the only foreigners entitled to transmit and receive audio, data, video, and television signals directly to homes in the United States via DTH;

3. The transmission of satellite signals coming from the United States to Mexico will be regulated by defining that U.S. satellites will be allowed to provide services in Mexico by meeting the same requirements as Mexican satellites; and

4. Technical cooperation rules will be put in place to enable the expeditious, cooperative, and mutually acceptable coordination of the new orbital positions for Mexico and the United States.

Mexico: Navy Official Says Ties With U.S. Increased

PA3004200196 Mexico City XEW Television Network in Spanish 0300 GMT 30 Apr 96

[From the "24 hours" newscast]

[FBIS Translated Text] Navy Secretary Admiral Jose Ramon Lorenzo Franco said today that cooperation between the Mexican Navy and the U.S. Navy has been intensified in the fight against drug trafficking.

Mexico: Gutierrez Views New Direction of Social Program

PA3004143796 Mexico City EL FINANCIERO in Spanish 24 Apr 96 p 27

[Report by Victor Gonzalez]

[FBIS Translated Text] Social Development Secretary Carlos Rojas Gutierrez announced during a meeting with federal deputies that Mexico's social program will undergo an in-depth change of direction to ensure that 100 percent of the government's subsidies will reach the most needy sectors of the country — nearly 27 million people — and not only 30 percent of the population, which is currently the case. He added that there is an objective to prepare a complete "basic package" program that will include the most important food products.

From now on, according to the head of the Social Development Secretariat (Sedesol), subsidies will be "channeled" to the country's most poverty-stricken sectors, in accordance with each region's primary needs. In other words, those in the rural area will be handled differently from those in the urban area.

He also requested that the federal deputies "not reject the tentative intelligent card [tarjeta inteligente] program ("problematic" according to critics) since it would be unfair, most of all considering that the project is not ready and is part of an integral social strategy policy."

With respect to charges by PAN [National Action Party] deputies with regards to Puebla Governor Manuel Bartlett having violated provisions included in Section XXVI of the Municipal Development Fund by failing to disclose the total amount of resources funneled to the region's municipalities, the head of Sedesol responded that "a written note will be sent to the governor calling his attention to the issue;" however, the Sedesol secretary refused to withdraw the funds already distributed as the PAN had demanded.

The subsidies, Rojas Gutierrez said, will not be reduced and will therefore remain at 100 percent, basically to underwrite maize and milk, the marketing of which corresponds to Diconsa and Liconsa [expansions unknown].

It has been estimated that the total resources available to subsidies amounts to 1 percent of GDP, nearly 25 billion pesos.

During the meeting, the Sedesol official also provided the federal deputies with copies of each state's "official gazette" where the local governments disclosed the resources included in Section XXVI that have been earmarked to strengthen the municipalities, especially those with greater economic and social lags.

Likewise, during a meeting with members of the Chamber of Deputies' Planning and Budget Committee chaired by Deputy Antonio Sanchez Gochicoa, the social development secretary responded to questions asked by PRI [Institutional Revolutionary Party], PAN and PRD [Party of the Democratic Revolution] deputies. He stressed that describing the "intelligent card" project as "problematic" is simply "offensive"

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since the instrument is intended to benefit sectors in need.

Several deputies who were asked to comment on the meeting pointed out that the subsidies would not be extended to consumption since the objective is to prevent, for example, "bankers from being subsidized for simply eating a tortilla." Therefore, it is a subsidy intended for a specific segment of the population.

Even though the government official stated that the new social policy program is not yet fully ready, he announced that the objective from now on is to prevent resources earmarked for the needy "to be redirected."

With respect to development agreements in effect, the deputies pointed out that Rojas had guaranteed that his office "would be responsible" for the manner in which the municipalities managed resources on account of the "legal gap" with respect to which official is responsible for ensuring proper handling of funds when there are two governments involved — federal and local.

To this end, Rojas pointed out that support will be provided for social auditing measures that, together with citizen participation, will guarantee the proper handling of government funds.

Likewise, it was also clarified that funds to be funneled to the municipalities will only be carried out when concrete projects have been approved, and that on the contrary, use of funds will remain at a "standstill" until the situation is fully in order.

With respect to the so-called "intelligent card" which is already operating in Campeche on a "trial" basis, Rojas said that it is still necessary to wait until an assessment has been made. He added that a final decision has not yet been made with respect to the card, most of all since it is one more instrument of the Mexican Government's new social program.

Mexico: Sudden Increase in Price of Bread Criticized

PA3004212296 Mexico City XEW Television Network in Spanish 0300 GMT 30 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Text] Today, Fidel Velasquez, secretary general of the Confederation of Mexican Workers, criticized the liberalization of prices. He said that the increase in the price of bread affects the pockets of the working class.

[Begin Velasquez recording] These price increases are the biggest mistake made amid this crisis, when they should have been reigned in. [end recording]

Fidel Velasquez noted that the increase in the price of bread was not discussed with the labor sector.

[Begin Velasquez recording] They do not consult anyone. The commerce secretary has become extremely tolerant; he does not set a limit for any prices. The workers truly cannot resist. [end recording]

Last, Fidel Velasquez said that on 1 May the working class will ask President Zedillo to provide wages scaled with an escalator clause, rein in prices, and grant housing credits.

Mexico: Gurria Views Need To Solve Migrant Problems

PA3004165296 Mexico City NOTIMEX in Spanish 0321 GMT 30 Apr 96

[FBIS Translated Text] Mexico City, 29 Apr (NOTIMEX) — Mexican Foreign Secretary Jose Angel Gurria said today his country will seek institutional means to reach an understanding with the United States in order to reduce the number of incidents against Mexican migrants.

At the conclusion of a news conference granted by German Foreign Minister Klaus Kinkel, Gurria reaffirmed, "Mexico's policy is invariably to defend the rights of all migrants and to investigate individual cases."

He added this includes "working with U.S. authorities to establish institutional mechanisms, procedures, and understandings to reduce the number of incidents of this nature."

At foreign secretary headquarters, Gurria noted Mexico's position calls for enforcement of the law, punishment for violators of the human rights of Mexicans, and compensation to the victims.

The foreign secretary added protection of Mexicans will involve immediate attention, first physical and second juridical, and then their orderly repatriation.

He pointed out incidents against Mexican migrants involve local authorities more than federal ones; "however, unfortunately, it cannot be said problems with the Border Patrol and federal authorities are over."

As for the issue of dual nationality, he said it is better to talk about "keeping a Mexican nationality."

The idea, Gurria noted, is to ensure that legal residents in the United States who fulfill all requirements to file for U.S. citizenship will not lose their Mexican nationality if they adopt U.S. nationality.

He pointed out this allows them to exercise their political rights, such as voting, and integrate themselves into the community in which they live.

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Mexico: PAN 'Civil Resistance' Campaign Announced

96CA0160A Mexico City REFORMA in Spanish 22 Apr 96 p 1

[Article by Patricia Sotelo and Clara Ramirez — received via Internet]

[FBIS Translated Text] Puebla—Next Sunday the National Action Party (PAN) will launch a national civil resistance campaign as a means of exerting pressure to resolve the postelection conflict in the municipal jurisdiction of Huejotzingo, Puebla. The campaign was announced yesterday by the national president of that party, Felipe Calderon Hinojosa.

At the end of a rally held in the capital of Puebla, Calderon indicated that on Sunday at all toll booths on the country's throughways, flyers will be distributed demanding justice for that municipality in the State of Puebla. Later on, other types of measures will be announced, he said.

The postelection conflict in Huejotzingo arose on 2 February when the State Electoral Tribunal reversed the PAN's election victory of 12 November and awarded it to the PRI [Institutional Revolutionary Party]. As a result, the blue and white party walked away from the political reform talks.

In front of some 2,500 PAN members gathered in the central plaza of Puebla, Calderon denied that the PAN is opposed to participating in political negotiations, but he said that the reform the country needs is in the way things are done, not in the laws.

"We are not refusing to discuss and negotiate agreements. What we are saying is that the lack of political will is an insurmountable obstacle to government reform."

Flanked by former presidential candidate Diego Fernandez de Cevallos, deputies, senators, and local PAN leaders, Calderon declared that the governor of Puebla, Manuel Bartlett, is an obstacle to political reform and to the PAN returning to the bargaining table.

"This obstacle can be removed if there is the political will to do so, and the PAN will be able to rejoin the discussions on the issue of reform of the state," he said. Recalling the fall of the governors of Guerrero and Nuevo Leon, he coined a new proverb: "People who live in glass governor's mansions should not throw stones."

He reported that yesterday, within the framework of the International Convention on Human Rights, the PAN filed a complaint against Bartlett because of the events at Huejotzingo.

Mexico: Zedillo Appeals for PAN To Rejoin Talks

96CA0161A Mexico City REFORMA in Spanish 23 Apr 96 p 1

[Article by Miguel Perez: "Zedillo Invites PAN To Return to the Dialogue" — received via Internet]

[FBIS Translated Text] In an informal talk lasting just 15 minutes President Ernesto Zedillo yesterday urged the national leader of PAN [National Action Party], Felipe Calderon, to have his party rejoin the talks on state reform in the Interior (Gobernacion) Secretariat.

It is hard to conceive of political reform in the country without the participation of PAN, the chief executive said yesterday in the presence of Calderon; the national leader of PRI [Institutional Revolutionary Party], Santiago Onate; and the national leader of the PRD [Party of the Democratic Revolution], Porfirio Munoz Ledo.

They all attended the unveiling of the mural entitled "Formation of the Mexican State," by artist Adolfo Mexiac, at the Studies Center for Reform of the State, which is headed by the PRD's Gilberto Rincon Gallardo.

Calderon's reply to Zedillo, according to his own account, was that PAN had a problem not with the substance of the proposals but rather with the lack of congruence and consistency between words and deeds, between laws and political actions.

"(Zedillo) said that he understood but that he was not responsible for everything that might happen in every locality (an allusion to the Huejotzingo case).

"I told him that the federation he presides over is a federation of localities," the PAN leader explained.

In his remarks to those present, Zedillo had previously said that Mexican society is expecting the government and all political forces to join in the task of reforming the state unselfishly while looking out for the common good.

"The reform," Zedillo said, "as we know quite well, does not leave room for half steps, but full steps require the cooperation of all national political forces."

"We all know very well that we still have a long way to go, but I am convinced that thanks to the participation of all we are on the right track."

Also attending the meeting were the interior secretary, Emilio Chuayfett, and the leader of the Chamber of Deputies, Humberto Roque Villanueva.

During a chat after the speeches, Calderon joked to Zedillo that it seemed as though Gilberto Rincon had more rallying power than the interior secretary, to which the chief executive reacted with a loud laugh.

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The president then asked Chuayfett to join the conversation, repeating the quip to him. The interior secretary rejoined that in that case Rincon should be asked to serve as a mediator to bring PAN back into the talks.

When asked at the close of the event about PAN's request that the president intervene in the Huejotzingo case, PRI leader Onate said that this is a case that the local authorities have to solve.

"There are more important things than Huejotzingo," he stated.

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Argentina

Argentina: Chile's Frei Addresses Session of Congress

PY3004220396 Buenos Aires TELAM in Spanish 1925 GMT 25 Apr 96

[FBIS Translated Text] Buenos Aires, 25 Apr (TELAM) — Chile's President Eduardo Frei, today extolled Chilean and Argentine integration. He renewed his country's decision to join Mercosur [Southern Cone Common Market] and spoke in favor of a solution to the controversial dispute over the Continental Glaciers.

Addressing a joint session of Congress, Frei said: "The Chilean Government considers that its links with Argentina in particular constitute a top priority."

Within the framework of his three-day state visit to Argentina, the Chilean head of state delivered a speech before a joint session of Congress presided over by Vice President Carlos Ruckauf.

Frei's speech at the Chamber of Deputies lasted for 25 minutes. Some Chilean congressmen, who also attended this special session, sat at their Argentine counterparts' desks.

During his address, the Chilean chief executive reiterated: "my administration's firm and unswerving decision to establish a free trade zone between Chile and Mercosur."

"Impressive progress has already been made in this endeavor and we hope to solve pending aspects so that we may sign this agreement on the established date," he added.

The Chilean president underscored Chilean and Argentine integration and said that "the growing globalization of the economy and politics leads to greater interdependence and makes the integration of countries even more necessary."

Speaking in defense of democratic processes, Frei said: "We, democrats of the region, ought to earnestly take up the challenge of political cooperation; no Latin American democracy should be unconcerned about the destiny of the other democracies."

The Chilean head of state referred to the only border dispute between Argentina and Chile over the Continental Glaciers, settled by a treaty signed by Menem and then Chilean President Patricio Aylwin in August 1991, but which has not yet been ratified by both countries' Congresses.

Frei underscored: "We note with satisfaction that of the 24 pending issues, we have definitively settled 23 and the only pending thing is the ratification of the treaty on the Continental Glaciers by our Congresses."

At the beginning of the joint session of Congress, Ruckauf emphasized: "Volcanoes spit out rocks and revolutions turn out first-rate men. Chilean and Argentine men were the ones who embarked upon the path of brotherhood at the beginning of the great South American revolution."

The vice president acknowledged that "we have been involved in long and painful border conflicts, which thanks to the resoluteness and civil courage of our peoples, we have been able to overcome and achieve the mature understanding that characterizes our relations at present."

Health Minister Alberto Mazza, ambassadors, and special guests who attended this joint session of Congress were at the boxes located at the sides of the main platform, where Frei and Ruckauf were sitting.

Argentina: Menem, Chile's Frei Call Joint News Conference

PY3004165396 Buenos Aires TELAM in Spanish 2103 GMT 26 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 26 Apr (TELAM) — Argentine President Carlos Menem and his Chilean counterpart Eduardo Frei expressed confidence in that both Congresses will soon ratify the Continental Glaciers treaty that was signed in August 1991.

During a joint news conference at the Olivos presidential residence, Menem and Frei agreed that the remaining bilateral border dispute will not hamper the development of relations.

The Argentine head of state said: "I think that, in principle, there will be no major problems (in the Argentine Congress)." Menem considers it certain that "the Continental Glaciers problem will be overcome so neither country should feel its interests are affected."

Frei contended: "This is not a conflict between governments, because the treaty has already been signed. It is incumbent upon both countries' Congresses to ratify this accord."

The Chilean president substantiated his confidence in the talks between Chilean congressmen and their Argentine counterparts.

Frei underscored: "This is quite remarkable — Chilean lawmakers were for the first time invited to sit next to Argentines" at yesterday's joint session of Congress. He added: "They discussed it and I think a definite solution is just round the corner."

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Frei believes Argentina and Chile "are setting a rare example. It is a fact that our two countries which share one of the longest borders in the world — nearly 5,000 km — have never been at war with each other and have always managed to settle their problems peacefully through dialogue."

Asked if Argentina will refer the matter of arbitration if Congress does not ratify the treaty on the Continental Glaciers, Menem said: "For the time being, as things stand and according to the reports of the foreign ministers and congressmen, it is very likely the treaty will be ratified."

The Argentine chief executive declined to comment on what may happen if problems occur," adding that he did not want to make an absolute judgment."

Frei pointed out that "in the history of our relations, we may find people who take a course of action, which, in our view, is not correct" since when dealing with "complex border issues, objections are bound to be raised by persons or institutions."

The Chilean head of state added: "We believe in integration, friendship, unity between Chile and Argentina because both countries share the future, the region, and the problems we must resolve."

Frei said he was convinced that the will to reach agreement on the subject of the Continental Glaciers "is supported by the vast majority of our people."

Menem recalled that in 1984 — when Argentina and Chile signed the Peace and Friendship treaty, which ended the dispute over the Beagle Channel — "some political sectors fiercely opposed the treaty," adding that in his capacity as La Rioja Province governor, he defended that accord.

Menem stated: "The people said horrible things about me at that time — 'persona non grata,' 'traitor,' all sorts of abuses — and yet we continued undeterred and the consequences of this treaty are there for everyone to see. We only have one pending dispute to resolve." [passage omitted]

Commenting on the situation in Paraguay, both heads of state agreed that thanks to international pressure, it was possible to find a solution to the crisis adding that the democratic system of government "emerged strengthened," which will enable "quick strides in the full consolidation of Mercosur [Southern Cone Common Market]."

Menem declared: "It has been proven that there is no possibility whatsoever that coups d'etat can prosper in the region." He underlined that this is why "one must discard all reservations about the future of democracy in the hemisphere."

Frei noted: "We uphold the rule of law. Our responsibility as rulers is to keep going so that democracy may be consolidated in the region." He reiterated his support "for authorities democratically elected according to the mechanisms prevalent in each country."

The Chilean president then underscored the importance of other subjects — besides economic issues -- that were broached during his state visit to Argentina; among them agreements on social security, culture, and tourism, as well as talks on agriculture, justice, and integration of the southern regions of both countries.

He added: "There are endless possibilities and potential in our integration process, in which we have made great strides concerning Mercosur."

Menem emphasized that he during his tenure he has signed "many joint declarations, which marked some sort of progress, but which were mostly rhetorical declarations" whereas the declaration signed with Frei "is one of the most important."

He said: "This document has specific deadlines for attaining the objectives we have sketched out. It is not a simple expression of wishes, we are acting in the field of reality and are already seeing results."

Frei termed the working meetings with Menem — accompanied by members of both cabinets — as "an unprecedented event," which "further strengthens and consolidates the currently excellent bilateral relations."

Argentina: Joint Ventures Promoted in Mining, Agriculture

PY3004220196 Buenos Aires TELAM in Spanish 2121 GMT 26 Apr 96

[FBIS Translated Text] Buenos Aires, 26 Apr (TELAM) — Argentine President Carlos Menem and his Chilean counterpart Eduardo Frei encouraged the development of joint ventures in the area of mining and agriculture.

The Argentine head of state said: "We are going to put together a regulatory framework for mining activities in the border area, which, with a bit of luck and negotiators' skill, we will sign in Buenos Aires the forthcoming 25 June."

Menem also expressed his satisfaction at the "opening of the Pircas Negras pass in La Rioja Province, which will connect this province with the Chilean city of Copiapo, something which we have been demanding since 1958."

Frei and Menem attended a luncheon at the Sheraton Hotel in the Buenos Aires neighborhood of Recoleta at

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noon hosted by the Argentine Industrial Union (UIA) and the Industrial Development Association of Chile.

The Argentine president expressed satisfaction over the participation of Chilean capitals in the privatization of state-run companies in Argentina.

This notwithstanding, Menem underscored the need to "move ahead to achieve agricultural integration to enable Chilean producers to invest in Argentina and thus, be able to grow together."

Frei, for his part, reasserted the "political will to physically integrate Chile and Mercosur [Southern Cone Common Market] member countries, especially Argentina, so as to facilitate communications, the movement of persons, and trade between our countries, and with third countries, through transoceanic corridors."

The Chilean president underlined the magnitude of Chilean investments in Argentina noting that "85 percent" of the $4.8 billion invested in Latin America "were earmarked for Argentina, particularly for investments in productive activities."

In this context, Frei stated that Chile "estimates that it will invest more than $800 million in the next five years" in "highways and ports, as part of the necessary resources to enhance physical integration with Mercosur member countries.

The Chilean chief executive thanked Menem's "great sincerity and cordiality" and the attention showered by the Argentine people during his visit. Frei said: "We deem it an honor and an obligation to take advantage of this opportunity to further closer ties with solidarity and greatness."

"Integration is not only a political agreement or an economic benefit. It is the only path to overcome the poverty and marginalization of our peoples," he said.

Frei and Menem were received at the Sheraton Hotel by UIA President Jorge Blanco Villegas.

Argentine Foreign Minister Guido Di Tella, Chilean Foreign Minister Jose Miguel Insulza, Argentine Ambassador to Chile Eduardo Iglesias, and Chilean Ambassador to Argentina Eduardo Rodriguez Guarachi also attended the luncheon in honor of Frei and Menem together with more than 500 businessmen of both nations.

Argentina: Accord Reached With Chile on Border Passes

PY3004220296 Buenos Aires TELAM in Spanish 0009 GMT 26 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 25 Apr (NA) — Argentina and Chile today continued eliminating barriers to the establishment of a free trade zone between Chile and Mercosur [Southern Cone Common Market]. Both countries reached agreement on important bilateral subjects and confirmed that the signature of the association accord will be held on 25 June.

Following a meeting at the Economy M[illegible]ry today, Marcelo Regunaga, Argentine trade and [illegible]vestment secretary, and Chilean Economy Minister Alv[illegible]o Garcia Hurtado confirmed that "great strides have been made and significant accords have been finalized."

Regunaga said: "Chile and Argentina have progressed considerably in the negotiation of the statistic rate and specific tariffs."

Garcia Hurtado expressed satisfaction at the agreements reached by both countries noting that "no difficulties should crop up" so that Chile and Mercosur can establish a free trade zone.

The meeting was presided over by Economy Minister Domingo Cavallo, who was accompanied by Regunaga, Agriculture Secretary Felipe Sola, Public Works Secretary William Otrera, Finance Secretary Ricardo Gutierrez, and Foreign Trade Under Secretary Alejandro Mayoral.

The Chilean delegation included Economy Minister Alvaro Garcia, Finance Minister Eduardo Aninat, Public Works Minister Ricardo Escobar, Agriculture Minister Emiliano Riquelme, and Mining Minister Benjamin Lejavetzky. [passage omitted]

Regunaga pointed out that both countries agreed to invest $165 million each in the construction of eight of the 13 border passes connecting both countries.

The timetable of works will last for four years. The following passes will be completed: Arica, Pircas Negras, San Francisco, Pino Hachado, Jama, Cardenal Samore, Integracion Austral, and Aguas Negras. [passage omitted]

Argentina: Economy Minister Cavallo Departs for U.S.

PY0105023896 Buenos Aires TELAM in Spanish 0058 GMT 1 May 96

[FBIS Translated Text] Buenos Aires, 30 Apr (TELAM) — Economy Minister Domingo Cavallo left a few minutes after 2130 [0030 GMT, 1 May] today for the United States where he will meet investors and give various lectures. He boarded his plane.

After a short stopover in New York, Cavallo will arrive in Boston on 1 May. He will meet institutional investors there on 2 May and, subsequently, will participate in a dinner coordinated by economist Rudiger Dornbusch. Investors will also participate in the dinner.

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On 3 May Cavallo will have breakfast with a group of Argentine students at the professors' hall at the Harvard "Business School" [two preceding words in English] and will have lunch with the "Group on the Political Economy of Reform" [seven preceding words in English].

On 5 May Cavallo will leave for Miami where he will get a flight connection with Nassau, Bahamas.

In the Bahamas, Cavallo will participate on 6 May in a roundtable on regional integration and macroeconomic stabilization. He will leave for Buenos Aires on the afternoon of 6 May and will arrive in our country on the morning of 7 May.

Argentina: Di Tella Supports Venezuela for Mercosur

PY0105012796 Buenos Aires TELAM in Spanish 2006 GMT 29 Apr 96

[FBIS Translated Text] Caracas, 29 Apr (TELAM-SNI) — Foreign Minister Guido Di Tella emphasized here today that Argentina supports Venezuela's entry as a full-fledged member of the Common Market of the South (Mercosur).

The Argentine foreign minister said: "Venezuela's entry into the Mercosur represents a qualitative jump forwards, both politically and economically."

The foreign minister announced that representatives from the regional agreement's signatory countries would review on 9 and 10 May in the Uruguayan city of Montevideo the possibility of Venezuela entering Mercosur.

Di Tella explained: "This represents a complicated problem, as four countries have to negotiate with one country." Di Tella began an official visit to Venezuela on 28 April to review issues of bilateral interest.

Di Tella also announced Venezuelan President Rafael Caldera's visit to Argentina "before or after the Ibero-American Summit" scheduled for this year "in Chile."

The foreign minister will travel to Trinidad and Tobago on 30 April and will subsequently go back to Buenos Aires.

Argentina: Arms to Ecuador Said Slated for Venezuela

PY0105013296 Buenos Aires TELAM in Spanish 1529 GMT 29 Apr 96

[FBIS Translated Text] Buenos Aires, 29 Apr (TELAM) — Brigadier General Juan Paulik, Air Force chief of staff, said today that the final destination for the Argentine arms shipment made last year was Venezuela. He confirmed that the courts would establish the accuracy of the alleged diversion of these arms to Ecuador.

Paulik explained to Radio America: "At no time were the arms shipped to Ecuador. The bill of lading states that the planes were scheduled to make a stopover in Ecuador. The final destination for these arms was not this country, but Venezuela."

Paulik was asked about a newspaper report stating that he had allegedly informed Defense Minister Oscar Camilion that the arms were consigned for Ecuador.

Paulik noted: "I can officially tell you that I testified before the courts and I would like to wait for the courts to pass judgment. Any idle talk that cannot be proven will affect our country's image."

Changing the subject, Paulik emphasized that Military Industries "is not especifically linked to the Air Force or to the Armed Forces as a whole."

The Air Force chief of staff pointed out that he also "had contacted" Peruvian Air Force officers, "explaining to them that is is necessary to wait for the courts to establish what happened."

Paulik pointed out that both Peru and Ecuador "supported Argentina" in our country's sovereignty claim over the Malvinas Islands.

Argentina: Report on Ecuadoran Arms Sales Drawn Up

PY0105012696 Buenos Aires CLARIN in Spanish 29 Apr 96 pp 2, 3

[Report by Ceferino Reato]

[FBIS Translated Excerpt] The government has drawn up a **confidential report** on an illegal arms sales to Ecuador that **directly** holds two mid-ranking officials responsible for this operation: Former Military Industries Government Trustee Luis Sarlenga and Entrepreneurial Coordination Director Colonel Edgberto Gonzalez de la Vega.

Sarlenga was in charge of Military Industries, but was fired in late March 1995, after the whole affair was exposed. Official sources told **CLARIN**: "Sarlenga already has been **indicted**. Everything leads to the belief that De la Vega **could follow him**." The colonel still remains in his post.

Government sources **do not believe** that the administrative responsibility will involve Defense Minister Oscar Camilion, but admitted that he is going through a **"difficult political situation."**

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Nevertheless, the sources add, it is necessary not to miss court testimonies; Brigadier General Juan Paulik, Air Force chief of staff, announced that he **had informed** the minister that arms were being shipped to Ecuador and that Camilion **did not order** the termination of these shipments. The government sources understand that this testimony could **seal** the minister's **political fate**. [passage omitted]

Bolivia

Bolivia: Chamber of Deputies Approves Hydrocarbons Act

PY3004134996 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 29 Apr 96

[FBIS Translated Excerpt] Following several marathon sessions that lasted 70 hours, at 1045 local time today the Chamber of Deputies approved the controversial Hydrocarbons Act. With some amendments to detail and with only one substantial modification concerning the payment of royalties to hydrocarbon-producing departments, the ruling party imposed its views by voting for the bill en masse. While ruling party deputies left the Chamber of Deputies amid cheerful smiles, opposition deputies left the lower house somewhat angry.

Commenting on the enactment of the Hydrocarbons Act, ADN [Nationalist Democratic Action] Deputy Tito Hoz de Vila said the law opens the door to corruption. [passage omitted]

Brazil

Brazil: WTO Decision Said To Favor Nation's Gasoline

PY0105024896 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 30 Apr 96

[FBIS Translated Text] Brazil has scored a major diplomatic victory. The World Trade Organization [WTO] — which is like a trade organ of the United Nations — has decided that Brazilian gasoline can be sold in the United States.

The Brazilian Government managed to prove that the U.S. environment preservation law was harming Brazil.

No one consumes more gasoline than Americans. Fearing gasoline pollution, the U.S. established quite strict criteria for oil refineries.

The law set forth that U.S. producers could continue — for a long time — producing gasoline the way they are now.

Brazil and Venezuela — another major oil producer — immediately had to change their production method. This would cost a fortune.

Brazil suspended its oil exports, losing a good deal that accounted for $300 million annually.

The WTO, a 120-nation organization headquartered in Switzerland, decided that Brazil is right.

Petrobras — Brazilian Petroleum Corporation — will thus be able to resume its exports to the United States. It may make a higher profit through sales in the United States than in Brazil, despite the fact that the cost of Brazilian gasoline is 100 percent the cost of U.S. gasoline.

The price of Brazilian gasoline includes several subsidies, like those for alcohol and kitchen gas, and this is why Petrobras does not make big profits.

In the United States, Petrobras can make a much higher profit, because in the United States, the word subsidy is almost obscene.

In the United States, the price of gasoline grew by 10 percent in 1995. The average price per liter is of $0.32. President Bill Clinton has already ordered to sell U.S. strategic stocks in order to stop the price increase.

Brazil: Cabinet Reshuffle Said Aimed at Reform Support

PY0105012996 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Apr 96 Section 1 p 4

[Article by Marta Salomon and Reinaldo Azevedo in Brasilia]

[FBIS Translated Text] With the appointment next week of the new agriculture minister from the Brazilian Labor Party [PTB], President Fernando Henrique Cardoso will close the mini cabinet reshuffle he has conducted in an attempt to obtain approval of the constitutional reform before September and preceding the municipal elections to be held this year.

President Cardoso believes that the appointment of Deputies Francisco Dornelles (PPB-RJ) [Brazilian Progressive Party-Rio de Janeiro] for the Industry, Commerce, and Tourism Ministry; and Luiz Carlos Santos (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo] for the Political Affairs Coordinating Ministry he will reestablish the "balance of the political forces" that support his administration in Congress.

The president told the members of the Brazilian Social Democracy Party [PSDB] leadership that the reshuffle ended there and that, for the time being, he is not planning to replace anybody else.

In addition to fulfilling his promise of opening space for the PPB at the Esplanade of Ministries and of ensuring the support of the third largest party in Congress,

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Cardoso now hopes to have increased the number of votes in Congress that will support the administration's proposals.

The president is convinced that Santos' appointment will reduce the dissidence Planalto Palace has been facing in the PMDB. One third of the PMDB bloc usually voted against the administration's proposals.

PMDB Deputy Santos, who is appreciated by all other parties represented in Congress, does not have a noticeable leadership within his own party, but Cardoso is betting on him.

The Planalto Palace congressional base does not change substantially, but Cardoso bets that he will be able to work with less fears from now on.

The administration is formally supported in the Chamber of Deputies by 414 of the 513 deputies, and in the Senate by 68 of the 81 senators.

The new cabinet format does not ensure immediate and full support for the presidential reelection thesis.

President Cardoso will have to implement another cabinet reshuffle if he wants to have a cabinet identified with the project of keeping him in office, beginning 1998, for four more years.

Brazil: Cardoso Implements Program, Installs Labor Council

PY3004121196 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 29 Apr 96

[Passages in quotation marks recorded]

[FBIS Translated Excerpt] The federal administration will invest 6 billion reals [R] in the next three years to create new job opportunities. President Fernando Henrique Cardoso implemented the job-generating program at Planalto Palace today. On the occasion, the president also installed the National Labor Council.

In the presence of governors, ministers, entrepreneurs, and representatives of the labor unions, President Cardoso installed the National Labor Council today. This council will have the duty of discussing constitutional reform for the labor area. Labor relations proposals will be analyzed by the council before being sent to the national Congress. This council is comprised of 18 members: Six government representatives, six representatives of entrepreneurs, and six representatives of workers.

Cardoso also implemented the job-generating program entitled Pro- Job. In the next three years, the government plans to invest R9 billion in the program, particularly in the areas of public works, industry, and tourism, and especially in the northeast region. The government also launched a program to train workers. Labor Minister Paulo Paiva signed agreements with the state administrations and with the Federal District for the training of workers. This year, the administration will earmark R300 million to train 1 million workers. According to Planning Minister Jose Serra, this is the broadest job-generating program ever adopted by the government. He added that the program will also improve the workers' standard of living.

In his speech, President Cardoso said that it is necessary to solve the present problems with an eye toward the future. [passage omitted]

According to President Cardoso, government actions in the economic and social areas are interconnected:

"We either understand that facts are interrelated and that, while looking after the economy, keeping the inflation under control, and making sure that there will be investment, we are also creating more favorable conditions to ensure the well-being of the people, or we will not understand anything at all." [passage omitted]

President Cardoso said that the government must participate in the investment process, thus creating conditions to increase job opportunities:

"It is this overall set of investments that allows us to continuously have job opportunities, to distribute wealth, and to keep salaries at an appropriate level. Without ensuring that, we will be cheating the people. It is very easy to propose the distribution of what does not exist. It is much more difficult to understand that an effective distribution of wealth can only be made through an intelligent, coherent, and socially oriented policy."

Cardoso added that the success of the job-generating program depends on cooperation between the federal government, the state governments, and the county governments:

"None of these things can be achieved by any specific part of the administration. This is either a program that is being implemented by society as a whole or it will not bear fruit." [passage omitted]

Brazil: Cardoso Seen as 'Tired, Disappointed, Distraught'

PY3004151096 Rio de Janeiro O GLOBO in Portuguese 28 Apr 96 p 5

[Article by Maria Lima]

[FBIS Translated Text] Brasilia — For the past two weeks, during which the government experienced political and social landslides, President Fernando Henrique

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Cardoso must have repented having once said it is very easy and pleasant to govern Brazil. The routine of internal crisis, the complications caused by government allies, and the lack of control on the social field have made Cardoso tired, disappointed, distraught.

On the heels of the massacre of landless peasants in Para, an avalanche of bad news descended: Paralyzation of the constitutional reforms, disagreements among congressional government power base, burial of the reelection issue, and a stormy cabinet reform that included leaks on television about the dismissal of ministers. Cardoso's closest aides say governing is no longer such a pleasure for the president.

"Cardoso is hurt," was the diagnosis of Sao Paulo Governor Mario Covas.

One Planalto Palace aide said: "The president is at the edge of physical exhaustion. He is carrying out a exercise program that involves swimming nearly 800 meters per week, supervised by a hydrotherapist. The good part is that he discovered that his back problem is cured. Even with the tension of this week, the back pain did not return. He became very annoyed over all that has happened because it affected what he is most concerned with: the social field. But he still feels pleasure in governing Brazil. He knows that like in any flight, there are turbulences which pass."

Two days after the massacre, Liberal Front Party President Jorge Bornhausen went to Alvorada Palace to discuss the cabinet reshuffle. He found Cardoso different from his usual playful self, without ever missing an opportunity to make a joke.

"He was sorrowful as never before," Bornhausen said.

In the cabinet reshuffle, the first disturbance was the dismissal of his friend Andrade Vieira, who had accompanied him since the beginning of his election campaign. Irritated with the Rede Globo television leak of information on 17 April, which said the agriculture minister would be the first to be dismissed, Andrade Vieira phoned Cardoso and told him that he considered the leak an aggression from Planalto Palace. Even though the president apologized, the solution was to bring forward his dismissal, which was initially scheduled for May.

On 26 April, the president was forced to run to the home of Minister Dorothea Werneck. She learned of her removal two days earlier through the Rede Globo Television newscast Jornal Nacional. She had still not been informed by the president. She cried as she refused to even discuss becoming agriculture minister — the post she was offered. During that meeting, Cardoso apologized and said he had never felt so much shame.

Brazil: Government Raises Monthly Minimum Wage 12 Percent

PY3004141396 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 Apr 96

[FBIS Translated Text] As of 1 May, the minimum wage increases by 12 percent. Thus, the minimum wage rises from 100 reals [R] monthly to R112 monthly. Pensioners and retired workers have a slightly higher increase; from R100 to R115 monthly.

Planalto Palace made the announcement early this morning through a provisional measure signed by President Fernando Henrique Cardoso.

The meeting at which the minimum wage increase was decided began last night shortly after 2000. At 2230, Civilian Household Chief Clovis Carvalho left Planalto Palace for Alvorada Palace to present three proposals to President Cardoso, from which the president could pick the one he deemed most appropriate.

Planning Minister Jose Serra, Labor Minister Paulo Paiva, and Finance Minister Pedro Malan are scheduled to give a news conference to explain how they reached the above minimum wage increases.

Brazil: Cardoso, Congress Urged To Expedite Reforms

PY3004145796 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 Apr 96

[FBIS Translated Text] The National of Confederation of Industry [CNI] and the Sao Paulo State Federation of Industries [FIESP] have urged Congress and the administration to expedite the constitutional amendment process. CNI and FIESP will submit a document to President Cardoso on 22 May.

FIESP President Carlos Eduardo Moreira Ferreira said the objective is to make lawmakers and administration officials understand that the country can no longer afford to allow the constitutional amendment process to proceed so slowly. He stated that nearly 100 business and labor organizations have already reached a consensus about the need to resume economic growth and that the constitutional reform bills will play an essential role in this endeavor.

[Begin Moreira recording] The constitutional process is going very slowly, while our needs continue to grow. We are still experiencing completely unfair situations in terms of competition with international companies. The economic opening in Brazil has had extremely serious consequences for the country. The social dumping practiced by China and by other Asian countries has provoked job losses in Brazil. It is no longer possible

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to ignore these problems. Let us move from words to action. This is what we want. [end recording]

Moreira Ferreira noted that the organization of a general strike would be a last resort.

Brazil: Minister on Main Points of Job-Generating Program

PY3004151996 Sao Paulo AGENCIA ESTADO in Portuguese 2340 GMT 29 Apr 96

[Report by Tania Monteiro and Isabel Braga]

[FBIS Translated Text] Brasilia, 29 Apr (AE) — During a speech at the installation ceremony of the National Labor Council today, Planning Minister Jose Serra enumerated the principal government actions which he believes will directly increase the labor demand and improve the quality of the labor supply. They are as follows:

- Pro-labor: This is the name given to the program announced today by the government. It will receive 9 billion reals, R, and the BNDES [National Bank for Social and Economic Development] will be the agent to carry it out. Investments will be made in the mass transportation system, environmental cleaning-up programs, tourism infrastructure, cargo transportation, and in the revitalization of industrial sectors. BNDES resources will also be applied in the construction of the Sao Paulo, Belo Horizonte, and Federal District subway systems.

- Public companies: Public companies will make investments amounting to R11.8 billion, which is R3 billion more than in 1995. This increase will generate 600,000 new direct and indirect jobs.

- Urban development, housing, and sanitation: These fields will receive R18 billion worth of resources over the next four years. This means the creation of 773,000 new permanent jobs in the housing sector and 1.3 million jobs in the sanitation sector.

- Car industry: By the end of the century, the car industry will have invested in Brazil R12.8 billion, beside an additional R2 billion in the car spares industry. Serra said that for every job created in the car industry four others are generated elsewhere.

- Basic and professional education; recycling: 1.5 million workers will this year benefit from this project in which R300 million will be invested.

- Labor and Income Generating Program (Proger): This program will benefit small and middle sized entrepreneurs. The Bank of Brazil last year applied R73 million in this program, while the Nordeste Bank applied R134 million. Additional resources amounting to R280 million have also been obtained.

- Regional Development: BNDES has supported self-administrative enterprises, mainly helping workers who lost their jobs to relocate in the job market.

Brazil: Minister Criticizes Developed Nations on Debt

PY0105033196 Sao Paulo GAZETA MERCANTIL in Portuguese 23 Apr 96 p B9

[Article by Fernando Dantas in Washington]

[FBIS Translated Text] Brazilian Finance Minister Pedro Malan has held the developed countries responsible for the generation of great fiscal deficits that put into risk the macroeconomic stability of the developing economies. These fiscal imbalances of the wealthy countries, Malan said, occur within the context of "an inadequate level of global savings." Malan made these comments during his lecture given at the IMF Provisional Committee in Washington on 22 April.

According to Malan, "the massive accumulation of the government debt in these (industrialized) countries is reason for concern, particularly if we consider the potential pressure these debts have on public finances, associated to the aging of these countries' populations."

In the minister's opinion, the high level of indebtedness of the wealthy countries limits their capacity of transferring government resources to the less-developed countries and ends up also affecting the flow of private resources.

Malan pointed out that, in the 1980's, the increasing fiscal deficits of the developed countries pushed international interest rates up. This increase was, at the same time, responsible for the increase of public expenditures in several developing countries (due to the payment of interests on their foreign debt), thus forcing these countries "into a painful process of adjustment."

"Naturally, fiscal consolidation in the current industrial world can contribute greatly not only to the countries' own stabilization, but also to the stabilization of the entire world," Malan said.

The minister said that the Brazilian fiscal situation will be better in 1996 than it was in 1995, and that in 1997 it will be better still than in 1996. According to Malan, the trade balance will become almost entirely balanced in the first four months of 1996, and the inflation rate will be less than 15 percent this year and lower still in 1997.

Malan made no prognostics about GDP growth in 1996. In accordance with the IMF Global Economic

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Panorama, the Brazilian GDP will probably grow 3 percent. All Malan said was that "the Cardoso administration believes the country will grow more and on a sustainable basis in the very near future and that the administration is working hard to create the conditions required for this growth."

According to Malan, "the privatization program is getting along well and debates on the social security and administrative reforms are advancing in Congress." He also mentioned the program being implemented to improve the state government finances, and the level of international reserves that already surpasses $54 billion. In addition, Malan also discussed the measures being implemented to solve the banking system crisis.

Brazil: 'Confidential' Report on State Bank's Deficit

PY0105024596 Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Apr 96 p 14

[Report by Cristiano Romero]

[FBIS Translated Text] If the Sao Paulo State Bank (Banespa) had been a private bank, the Central Bank (BC) would have had more than sufficient reasons for closing it. According to a confidential document obtained by JORNAL DO BRASIL — dealing with the bank's accounting records — Banespa's liquid assets in February 1996 were of minus 14.057 billion reals [R]. This means that if the bank sold all its assets, it would come up with a debt of R14 billion.

Consequently, Banespa would have no funds to honor countless obligations, among them its clients' current and checking account deposits. The figures prove that over the past few years, the bank's balance sheets had been totally fabricated.

In order to have an idea of the magnitude of Banespa's deficit, the Nacional and Economico Banks went broke for far less than that. The Nacional Bank, for example, went bankrupt with a deficit of R5.3 billion, almost three times less than that of Banespa. The Economico Bank went bankrupt with an even smaller debt: only R2.3 billion. The remarkable deficit of the Banco do Brasil is also far from Banespa's liabilities: R4.2 billion.

Branches that Produce Deficits — The main official bank of Sao Paulo also suffered from other disasters in the past. The official document reveals that 152 Banespa branches — 25.5 percent of all branches — are producing deficits. Furthermore, the bank, which has been under special BC management since December 1995, considers that credits worth R10.279 billion are practically irrecoverable.

They are part of the so-called credits of dubious recovery, which account for almost 30 percent of the bank's total assets. Therefore, of each R10 that the bank lent over the past few years, R3 will not be recovered.

Balance Sheet — The situation of Banespa is so critical that the balance sheet of 1995 could not yet be published. If it were published, it would frighten its investors and private stockholders. By current regulations, the balance should have been published at the end of March. The problem is that the publication of Banespa's accounts also entails matters on which the courts have not yet made a decision.

According to the document obtained by JORNAL DO BRASIL, Banespa's accounting records reveals that no dubious debtor precautions were adopted for operations with the Sao Paulo government and its companies. The precautions must appear in the balance sheets of banks, to compensate for eventual debtors' defaults.

In the case of Banespa, the problem is still worse, because in December 1995, the state government's debt amounted to R15.371 billion — 85 percent of all credit operations of the bank. Governor Mario Covas himself has admitted that the debt grew by more than R2 billion from December to date, surpassing R18 billion.

If Banespa's main debtor had been excluded, the bank's net assets would have reached R1.7 billion in February. It is not merely for fun that some members of the government's economic team have thought of separating the good from the evil part of the bank, placing unrecoverable credits under a demobilization agency, as was done with the U.S. banks after the depression of 1929.

Deposits — A cold analysis of the figures shows that BC trustees may not be held responsible for the aggravated situation of Banespa. The bank's assets, for example, have grown since the intervention, rising from R26.7 billion in January 1995 to R33.3 billion in February 1996, while demand deposits grew from R10.2 billion to R17.1 billion.

It is true that during the same period, the bank's deficit grew by 61.8 percent. This happened partly because the BC adopted a method that is uncommon in the history of the Sao Paulo state bank: the provision of funds for loans that will never be returned.

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Brazil: Commentary Analyzes Evolution of Public Debt

PY2904035796 Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Apr 96 p 13

[Commentary by Celso Pinto: "The Debt Causes Concern, Part 3"]

[FBIS Translated Text] In the debate about the responsibility for the deterioration of the fiscal accounts, the federal administration blames the states and municipalities. It is not really like that.

Consider that the fiscal operational deficit (discounting the effect of inflation) in the fiscal accounts deteriorated considerably, by 6.7 percent of the GDP, between December 1994 and February 1996, which is cause for concern. Thus, the operational deficit climbed from 1.3 percent to 5.4 percent of the GDP.

Who is responsible for this?

The federal administration itself, which worsened the deficit by 3.7 percent of the GDP during the mentioned period of time. Then come the states and municipalities, which increased their deficit by 2 percent, and the public companies, which increased their deficit by 1 percent.

This does not mean that the situation of the states and municipalities is not worrisome. On the contrary, its debt stock hit a record figure, as indicated by the figures of a study carried out by economists Alberto Furuguen, Satossi Abe, and Luis Pamplona Pessoa, for the Garantia Bank (which I also mentioned in the former two articles).

The debt of the states and municipalities, in dollars, reached the peak of 12.9 percent of the GDP by the end of last year. This is double what it was in 1991 (6.3 percent of the GDP). During the 1980's, the debt stood at between 5 and 7 percent of the GDP.

The gross debt of the states reached $79 billion in December 1995, 42 percent of which is in securities, 49 percent corresponds to contracts and guarantees, 6 percent corresponds to foreign debt, and 3 percent to banking debts (AROs) [Budget Revenue Advance]. The increase of the debt in securities has been explosive: It jumped from 2 percent of the GDP in 1991 to 6 percent in 1995. Of this total, 92 percent is concentrated in the states of Sao Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul.

Shortly before the Real Plan was implemented (in June 1994), the Central Bank exchanged most of the state securities for its own, to use them as a guarantee at a minor cost. The states paid the debt service, and theoretically they will be responsible for the debt principal.

Nevertheless, there are no guarantees, and the debt in securities of the states is currently growing by 50 percent annually. The total amount reached 37 billion reals, R, in February and it is easy to imagine that it will ultimately be absorbed by the federal government. The worst situation, by far, is that of the state of Sao Paulo, which has a gross debt of $49 billion, or 25 percent of its GDP.

Part of this debt of the states, according to the study, is being pushed over to the federal administration, creating an additional risk. While the states have natural limitations because they cannot issue money, the federal administration can issue currency and securities.

The evolution of the net federal government debt, however, has been different. Since 1982, when it amounted to 10 percent of the GDP, it climbed nonstop to 23 percent of the GDP in 1989.

The financial confiscation and the default of the Collor Plan made the debt stock drop to 14 percent of the GDP in 1990 and even to 9 percent in 1993 on account of its lower cost. Since then, however, it jumped to 15.9 percent of the GDP in 1995.

Another portion of the public debt corresponds to the public companies. In 1982 the public companies had a net debt equivalent to 20 percent of the GDP. It remained at this level until 1986 and since then, it has been dropping. Last year, the debt was only 8 percent of the GDP.

This considerable improvement in the performance of public companies' debt was due, according to the study, to three factors: more realistic prices, fares, and the privatization process.

Privatizations are reducing the public debt stock. Given that the total debt of the public companies amounted to $46.5 billion by the end of 1995, and if, theoretically, the government donated all its companies and subsidiaries, the public debt would drop by the mentioned proportion. Supposing that the state companies were sold for $30 billion; the public debt could be reduced by $76 billion, or 36 percent of its total amount.

It is clear that not all public companies will be sold, and that these figures are only theoretical exercises. At any rate, the study states that the privatization process could be a decisive instrument in the next few years to prevent the overall net debt of the public sector from growing excessively and "again lead us to a situation similar to that which encouraged the formulation of the Collor Plan," that is, a default.

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Brazil: Communications Minister Rules Out Candidacy

PY0105025196 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Apr 96 p A10

[Article by Eliane Cantanhede in Brasilia]

[FBIS Translated Excerpt] Communications Minister Sergio Motta admitted on 24 April that he definitely does not plan to run for the Sao Paulo mayoralty. Despite encouragement from by Planalto Palace and pressure exerted by Governor Mario Covas, Motta has made very clear that he prefers to remain at the head of the Communications Ministry and command the process for the opening of the communications area. Right now, he is facing a dispute with the PFL [Liberal Front Party] that has been threatening to overthrow in the Senate the bill seeking to regulate the exploitation of satellite and cellular telephony services.

"My candidacy is dead," Sergio Motta told PFL President Jorge Bornhausen, who had been publicly defending Motta's candidacy because he had made formal before President Fernando Henrique Cardoso his plans to support PSDB candidates in Sao Paulo, as well as in Rio de Janeiro.

"Unfortunately, this means that Erundina will be elected," Bornhausen said referring to the Workers Party candidate to Sao Paulo municipality, former Mayor Luiza Erundina. In the opinion of the PFL president, Motta's was the ideal name to dispute the position and had very good chances of winning. This opinion, however, is not shared by other important PFL leaders. [passage omitted]

Brazil: Commentator on Administration's Change in Image

PY3004231596 Rio de Janeiro O GLOBO in Portuguese 29 Apr 96 p 4

[Commentary by Franklin Martins in Brasilia: "The Administration Has Changed Its Face"]

[FBIS Translated Text] With the appointment of Minas Gerais Senator Arlindo Porto for the Agriculture Ministry, the president of the Republic concluded on the night of 27 April his administration's first cabinet reshuffle. May the reader not be fooled by the scope of the changes, because only two ministers have lost their positions. The administration changed its image last week less as a result of the dismissal of ministers than of the appointment of new ones. Why did this happen?

For six reasons. Let us analyze them:

1. While the cabinet sworn in on 1 January 1995 inherited the ballot box victory, the new cabinet has been bred by the administration's defeats in Congress. If the previous team was born from the spectacular number of votes obtained by Fernando Henrique Cardoso in the presidential elections, when he was elected right in the first round of voting, the new team has been delivered through the mishaps and difficulties that the administration has experienced in Congress in its attempts to have approved the constitutional amendments which will open the way for the state reform.

2. The first cabinet symbolized the president's absolute preponderance over his allies. The new team is the fruit of delicate political negotiations between Cardoso and the coalition that supports him. Sixteen months ago, Cardoso was the triumphant general. If at the time he consulted the other leaders, it was out of tact and politeness. In practice, he appointed whomever he wanted to. With rare exceptions, he made up a cabinet of friends and people he had affinity with. Now, on the contrary, he had to share the decision with Chamber of Deputies President Luis Eduardo Magalhaes, of the PFL [Liberal Front Party]; and then government leader Luiz Carlos Santos, of the PMDB. Together, they approved the decisive measures: the establishment of the Special Ministry for Political Articulation, which was handed to Santos himself, and the appointment of Francisco Dornelles for the Industry and Trade Ministry. Arlindo Porto's appointment to replace Jose Eduardo Andrade Vieira has maintained the status quo — in party terms, and certainly not in banking terms — and Raul Jungmann's appointment for the Special Agrarian Reform Ministry have both obeyed circumstantial demands. In general terms, however, the cabinet of friends has been replaced by a cabinet that has the political composition and characteristics of a general staff.

3. The PMDB, which so far had remained on the outskirts of power, has joined the nucleus of power through the appointment of Luiz Carlos Santos. The objective of the change has been to unite and consolidate the pro-government majority inside the PMDB and isolate the oppositionist faction, which is led by Orestes Quercia and Paes de Andrade. Santos has won not only an office at Planalto Palace, but also a permanent seat at the morning meeting with which President Cardoso usually starts his day. So far, the routine but crucial meetings had been attended only by Civilian Household Chief Clovis Carvalho, Presidency Secretary General Eduardo Jorge, and presidential spokesman Sergio Amaral — all of them close friends of the president, but cherubim in terms of politics. Santos, who is an extremely witty and trained politician, will have his

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way. It is interesting to notice that his appointment for the Political Coordination Ministry has been endorsed by the PFL, while the PSDB had no reservations to the appointment. Both reactions are understandable, as we will realize further on.

4. The PPB, which already supported the administration although it often voted with the opposition, has also joined the cabinet. Francisco Dornelles' appointment will probably have in the PPB the same effect that Santos' appointment had in the PMDB: It will strengthen the government-supporting majority in the party and isolate the dissidents. Now there are five parties with seats in the administration's first echelon: PSDB, PFL, PTB, PMDB, and PPB. Only the three first parties have supported Cardoso in the elections. The other two joined the coalition after their candidates were defeated and the winner installed. Together, the five parties have around 400 votes in the Chamber of Deputies. Despite the usual defections, there will be sufficient votes to approve the constitutional amendments currently being debated in Congress.

5. The PFL's firepower inside the coalition has increased. First, as a result of PPB's inclusion in the coalition, because the PPB is closer to liberalism than to social democracy. Second, as a result of the PMDB's inclusion in the administrative nucleus and, more specifically, due to Luiz Carlos Santos' admittance into Planalto Palace's intimate circles which, so far, had been an exclusive territory for the PSDB and the president's friends. The monopoly has been eased. Santos is a member of the PMDB, but has PFL characteristics and is very well accepted by the most conservative areas of the federal administration. His relations with Sarney and Luis Eduardo Magalhaes are excellent. In other words he has excellent relations which those who give orders in Congress. Santos' appointment has been sponsored by the PFL, while the PSDB members wanted to see PDMB Deputy Aloyzio Nunes Ferreira in Santos' position. But they lost the dispute.

6. The PSDB has lost space as a result of the cabinet reshuffle. In the musical chairs game, all the other parties of the coalition have won positions. PSDB, however, did not. There is always the solace that the PSDB is the president of the Republic's party. This is what Communications Minister Sergio Motta told his fellow party members on 24 April, when they demanded explanations from him. It seems that bulldozers are no longer manufactured the way they used to be.

But why should the PSDB be complaining? After all, the party has been letting go through its fingers, without fighting for it, something than is much more important than some space in the cabinet: It is letting go the possibility of obtaining in the November municipal elections, the Sao Paulo mayoralty — which has the third largest budget in the country. Motta and Planning Minister Jose Serra, PSDB leaders who have chances of being elected Sao Paulo mayors, have already declared themselves not interested in the position. They are doing fine as members of the cabinet and do not want to run risks. The PSDB candidate will probably be a second echelon politician used to defeats.

This is a decisive battle that will establish the course the Cardoso Administration will take in the future. A PSDB victory would strengthen the party's prestige immensely during the second half of President Cardoso's period in office. The PSDB, however, seems to prefer facing a certain defeat than facing an uncertain victory, even if this victory occurs in a state that has a PSDB governor and in a city where the party's image is associated to that of the president of the Republic himself. The Sao Paulo PSDB is a strange party. It dies of fright at the sound of the shot.

Brazil: Daily Justifies Textile Import Quotas

PY3004123496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Apr 96 p B2

[Editorial: "Textile Quotas Are Justified"]

[FBIS Translated Text] Brazil will adopt import quotas on 60 textile products, but this should not be regarded as a threat to the commercial opening. It is merely a prudent measure to protect against commercial policies that are closer to dumping practice, considering the very low prices paid in Brazil for some products that originate in Asian countries. The products on which the quotas will apply come from Hong-Kong, ROK, China, Pakistan, Taiwan, and Panama, which re-exports Asian products. Among the products are synthetic textiles, that is, raw materials for shirts and blouses.

The quota system should be enough to compensate for the change in textile import tariffs, which will drop from 70 to 20 percent upon the termination of the so-called Dallari list. The 20-percent tax will encourage an avalanche of Asian products. Under WTO rules, quotas must be established on the basis of Brazil's previous import levels. Thus, quotas will be based on the past 14 months, excepting the last two months.

The deadlines for adoption of the quotas do not seem harmful for Brazilian consumers, who, in the final analysis, are the main beneficiaries of low prices. The point that must be taken into account is that the benefits should not be temporary, because if prices are not compensatory for local industry, and if they do not encourage the much needed investments, more textile

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enterprises will close their doors, transferring to Asia the jobs that could have been opened in Brazil. This is precisely the reason why other countries have promoted exports, a practice in which Brazil has engaged for decades.

The quota system to be adopted may be valid until 2005, and this is why it is called temporary — although it should be admitted that it has a flexible temporariness. The textile sector has paid a high price for commercial freedom: More than 400,000 workers are believed to have been dismissed since 1990. Last year the sector registered a deficit of $845 million which, although much less than the deficit expected, justifies the adoption of a quota system.

The quotas will not close the market to imports, and large stores will continue to sell foreign made textiles. Imports will promote competition on the domestic market. Rather than keeping inflation under control, the main justification for this competition is to promote investments and modernization and thus avoid the death of the industry.

Brazil: Pay Television Operators Offer New Services

PY3004123896 Sao Paulo GAZETA MERCANTIL (Telecommunications Supplement) in Portuguese 23 Apr 96 p 3

[FBIS Translated Text] Although scheduled for the end of April, the Communications Ministry has not yet said if there will be an auction for granting concessions for pay television services via satellite. Meanwhile, the so-called operators of DTH TV ("Direct To Home") — the television signal that is sent directly to each home — have already established the dates for starting the new service, and the price to be paid by future subscribers.

The operators are trying to show no signs of concern about the possibility of having to pay for the concessions. Moises Pluciennik, director general of Net Brasil — part of Globo Organizations — said the services have been planned without considering that the concessions may have to be paid for. This happened because Net Brasil is already authorized to offer satellite television services. The difference is that this authorization is for transmissions on the C band, while the new service will operate on the Ku band. Pluciennik sees no difference in the service, only in the frequency band.

Walter Longo, director-superintendent of TVA — part of the Abril group — is more pragmatic. He said that if the Abril group pays for the concession, the change will reflect in the price to be paid by subscribers. He said: "Passing it to the final price is the natural thing to do."

Yet the high cost may discourage DTH consumers, especially in areas that have pay television services using other types of technology, like cable television — which is used in 50 Brazilian cities — or radio transmission. This latter option includes microwave transmissions; MMDS, "Multichannel Multipoint Distribution System" [preceding four words in English], which is available in 12 Brazilian cities; and the FM system known as LMDS, "Local Multipoint Distribution System" [preceding four words in English], which still being tested.

All technological resources will certainly be available in larger cities. In Sao Paulo, for example, beside the cable and microwave services, the LMDS network is already being tested. This network, which is being operated by AGTelecom, of Andrade Gutierrez, has had 50 subscribers in the western zone, in Tatuape, since October 1995. Subscribers receive six channels and may eventually receive 49.

There are 1.3 million pay television subscribers in Brazil. The market potential is about 13 million homes by 2000. This is the number of homes in which there are videocassette players. Pay television operators consider video fans as potential consumers.

The marketing effort of television services of the DTH type will be more intense in areas in which other systems are not available. The offer will be for up to 100 channels through a 60-cm diameter dish antenna. On 22 May, TVA will begin offering monthly subscriptions for 30 reals [R] or R45. Net Sat will start operating in July and will charge R25 or R40 per month. Installation will cost R950.

Brazil: Paraguay Crisis, Political Situation Viewed

PY3004043596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Apr 96 p A3

[Editorial from the "Notes and Information" page: "Who Gives Orders To Whom in Paraguay?"]

[FBIS Translated Excerpt] For some time, we had been calling our readers' attention to the volatile political situation reigning in Paraguay. What was being forecast has, finally, occurred. General Lino Cesar Oviedo, Army commander in chief and the country's "strong man," declared himself in rebellion and no longer accepted the orders of President Juan Carlos Wasmosy, who had put him on the retirement list. Paraguay is still an imitation of a state and its political life would be similar to a puppet theatre if it weren't for the lines of corpses the dictatorship and truculence, which is truly organic in that culture, have left behind. [passage omitted]

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During the 1993 electoral campaign, Wasmosy did not have the support of enough Colorado Party delegates to be appointed to the presidency of the Republic. His main electoral agent then was General Lino Cesar Oviedo, who, legend has it, gave his benediction to certain multiplication and subtraction operations in the closed ballot boxes. As the time to elect a successor to Wasmosy is approaching, Oviedo considered himself the natural candidate: Wasmosy owed a debt of gratitude to him, and he was the Army commander. The Colorado Party composition, however, had changed. This time it was Wasmosy's faction that had the majority of votes and Oviedo the minority. Without being able to reach an agreement on the issue, Oviedo had been blocking the Colorado Party convention since August 1995. The convention was going to be held, no matter what, during the week beginning 29 April, and Oviedo would thus see the end of his presidential ambitions. President Wasmosy was no longer willing to put up with the general's meddling, and simply placed him on the retirement list.

Oviedo did what any other general used to a supreme command, free from democratic responsibilities, would have done: Confined himself to barracks among 5,000 men, declared that he would not obey the presidential orders, and waited. He used a method very similar to the one General Andres Rodriguez had used against Stroessner. The difference is that Wasmosy did not give in right away and the entire Latin American continent had already been expecting the coup d'etat. As a result, it was possible to organize an anti-coup network comprised of presidents of the various Latin American countries, particularly those of Common Market of the South [Mercosur] member countries, who sent their foreign ministers to Asuncion.

In any other country, the head of the frustrated coup would have left the barracks and gone straight to jail or a comfortable exile. Oviedo, however, will leave the cavalry garrison and go to the Defense Ministry. The coupist general will replace, at the head of the Defense Ministry, a loyal civilian. The solution to the crisis will still cost a few pages of the new Paraguayan Constitution, which has been torn. According to that Constitution, people who lead coups lose their positions and political rights and become ineligible for two periods in office. Oviedo, on the contrary, will leave the Army command to head the entire Paraguayan defense system.

It is no solace to say that he will not command troops and will occupy a political and bureaucratic position, because he will be in command through a third party. General Rodrigo Diaz Delmas, who was appointed by Wasmosy to replace Oviedo at the head of the Army command, has told the president that he would only accept the position with the approval of the rebellious general. To whom does Wasmosy give orders? Whom does Diaz Delmas obey?

The Paraguay coup did not conclude in the traditional manner, because the presidents of the neighboring countries have acted swiftly and unleashed a chain reaction supporting Wasmosy. This was a sign of the democratic solidarity of Latin American presidents, particularly the presidents of Mercosur member countries. They have realized that, without democracy, political cooperation and economic integration are unattainable utopias. Therefore, as the situation in Asuncion became fuzzy, they made known everywhere — and in terms that admitted no misinterpretation — the consequences that breaking the democratic regime would have. Nowadays, there is no country on the continent of the Amercias capable of living in total isolation without hindering its own future.

Wasmosy, unable to build a state and involved in corruption charges, perhaps did not deserve being saved from the imminent coup. But Paraguay did. And more than Paraguay, this cooperation and integration structure that the four Mercosur partners have been constructing deserved it.

Chile

Chile: Bolivian President Views Bilateral Ties

PY0105021596 Santiago EL MERCURIO in Spanish 20 Apr 96 p C3

[By Elia Simeone; quotation marks as published]

[FBIS Translated Text] Bolivian President Gonzalo Sanchez de Lozada stated that his government is willing to consider any proposal that Chile will submit to resolve the so-called Bolivian maritime issue. He said he is even willing to discuss formulas that do not encompass the sovereignty issue.

In the eventual case that Chile will offer access to the sea through a concession, Sanchez de Lozada said that his administration is willing to study all proposals that are submitted because it has never sought to be chauvinistic or opportunistic.

Sanchez de Lozada accepted to dialogue with EL MERCURIO on the occasion of the Sixth Institutionalized Meeting of Rio Group-Eu Foreign Ministers held at the beginning of this week in Cochabamba, Bolivia.

President Sanchez de Lozada's words were filled with open and veiled criticisms about the Chilean attitude regarding the "landlocked" situation disputed by the Bolivians. He scantly praised the efforts that the Eduardo

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Frei administration is making to strengthen ties. This is many times misunderstood by Chilean public opinion groups, which believe that Chile is yielding before Bolivia and going far beyond what is necessary.

[Simeone] There is concern in Chile over the incidents of these past few weeks and the protests staged against Chilean capital in Bolivia.

[Sanchez de Lozada] I believe we must inform and explain the situation. Chile has made important investments. It has been awarded the privatization of the electricity company here in Cochabamba and there were no problems. There is obviously quite a lot of sensitivity involved in the railroad issue because of strategic reasons. The 1904 Treaty is based on railroad connections both with Arica and Antofagasta. In addition this is tied to a great domestic discussion about the capitalization of hydrocarbons belonging to the YPFB [Bolivian Government Oil Deposits]. Several factors are entailed. There is a great domestic campaign because we are submerged in a full discussion of the capitalization of the most important companies. In addition, we have completed the capitalization of the railroad company and this led to a situation that more than anything was directed against the government.

"Nevertheless, every cloud has a silver lining. All this is forcing Bolivian society — and I hope the Chilean people and their administration as well— to understand that this is a real problem that must be faced and God willing overcome. We cannot continue to ignore and thus adopt a strategy of confrontation. At this historic time of integration and cooperation at the social, political, and economic levels, we must find a framework that will help us go forward."

[Simeone] As Bolivian president what guarantees can you offer those Chileans who have invested in Bolivia or those who are planning to take part in future privatization processes?

[Sanchez de Lozada] I believe that the guarantees are obvious. Those who are already here are working calmly and normally. We are aware that there are important Chilean investments in many areas and all of them are welcomed; we have had no problems. The privatization of railroads and hydrocarbons was an explosive combination but it was pushed through and we reaffirmed our attitude. This was of course exploited by the Bolivian opposition and some radical groups. As I have said before, this shows that we have to move forward. Nonetheless, we have not seen any danger or problems... The capitalization of the railroads is a sensitive issue that touched a historic nerve that is always present in our bilateral ties which I hope we will be able to overcome. As I have always maintained and stated to President Frei and the Foreign Ministry people: There is an ever-present vampire in Bolivian-Chilean ties that when you least expect it suddenly comes to life filled with a great irrational and bitter nostalgia which we hope will be overcome. We have to find solutions both in Bolivia, where people believe that it suffices to make demands, and in Chile where people ignore the issue by alleging that there are no problems. The truth of the matter is that our two countries must achieve integration at both the political, economic, and social levels and that these issues must definitely become things of the past.

[Simeone] Are publications of aggressive statements and opinions in the Bolivian press any help to achieve the goal of overcoming historic disputes?

[Sanchez de Lozada] In a democracy it is not a question of allowing. Everyone is entitled to express his ideas. Many people are doing this because they want to undermine the administration's work. This is normal because we are making important changes here in Bolivia and people will resort to any means to criticize us... It is more a criticism intended for the Bolivian Government than the Chilean Government. This is also a call of attention for Chile which cannot continue adopting a policy of ignoring the issue and alleging that everything is normal. We have to find changes and solutions.

[Simeone] Nevertheless, you are aware that the Frei administration is willing to discuss a broad agenda encompassing issues of interest for Bolivia?

[Sanchez de Lozada] Yes, undoubtedly. But always with the foot on the brakes. There is no audacity or imagination because of the domestic situation. If we assess the solutions achieved for the Laguna del Desierto issue and the like we can attest that Chile is not a country that can easily adopt flexible positions that may lead to exhaustive solutions. The important thing, however, is that neither Chile nor Bolivia are willing impose a specific criteria. We are looking for an imaginative and intrepid solution, but you need two to tango. It would have been much easier for me to say: "We do not accept Chilean capital" and people would have applauded me but I believe we must be realistic: that we are countries involved in an integration process; that this is good for our two nations and that being on the verge of the 21st Century we must strive to leave the 18th Century behind.

[Simeone] Do you believe that the Foreign Ministry idea to draft a new treaty revising and modernizing all free transit and trade regulations could be the first step that will help Chile and Bolivia overcome this situation?

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[Sanchez de Lozada] Everything that is done to achieve a rapprochement and clarify the situation is helpful. For example we have experienced decade-long difficulties with the state port administration which undermines good intentions and our bilateral agreements ever since the 1904 Treaty. This treaty included a most-favored nation clause but today Argentine and Brazilian soybean enter Chilean territory without any customs duties while Bolivian soybean is not allowed to pass through. We should not have this type of problem. Bolivian shipments must be unloaded outside the port area and then transported to the port. This implies a great cost and undermines our exports to the Pacific Rim. If we can achieve progress in this area it will be great. But the real issue is to have true interest to go forward...

[Simeone] Do you notice any signs?

[Sanchez de Lozada] I do but it is not that effective... It is a matter of time. I am patient. I am patient and I am good-humored, but it would be better for everyone to see solutions.

[Simeone] When you assumed the Presidency you said you aspired to make Bolivia into a free nation with a sovereign access to the sea. A little over one year before your term expires, what specific proposals have you made to achieve this goal?

[Sanchez de Lozada] Well, we have been discussing many ideas. It would be absolutely untimely to enter into details. There is no commitment but what we have achieved is the possibility of engaging in quite open discussions about the issues. Up to now we have not witnessed any results, but what is important is that we are talking and God willing we will be able to achieve solutions at any time.

[Simeone] The Chilean foreign minister believes that any arrangement entailing the sovereignty concept will not result in an effective solution of the problem. He believes it is more modern to speak of concessions which could even entail an opening. Would you be willing to accept this formula?

[Sanchez de Lozada] Well, I believe we are and have always been willing. My administration has never wanted to be chauvinistic or take advantage of the circumstances. We are looking ahead. Any framework offering solutions and accepting our suggestions will be important at this time. Let's hope they help us find solutions and definitively bury the vampire.

Chile: Senate Chairman Sergio Diez Interviewed

PY0105014596 Santiago LA TERCERA DE LA HORA in Spanish 21 Apr 96 pp 6-7

[Interview with Senate Chairman Sergio Diez Urzua by Maria Eugenia Oyarzun in Valparaiso; date not given; quotation marks as published]

[FBIS Translated Excerpt] [Oyarzun] The standards set by your predecessor, Gabriel Valdes, are very high because he was an excellent senate chairman...

[Diez] Yes, very good, but the Senate chairman's standards are naturally very high. I remember Fernando Alessandri, Eduardo Frei who were great chairmen. In general, the Senate has made a good choice of chairmen.

[Oyarzun] In September 1995, when referring to the constitutional reforms bill, you said it was feasible "because it was being discussed within the framework of constitutional negotiations at a committee and chamber level and that that gives the senators' opinion preference over that of the political leaderships that basically seek to make an impact on the public opinion." Do you still believe this?

[Diez] I strongly believe the Senate should be a negotiating element because we — not the political leaderships — represent sovereignty and because in Congress there are greater possibilities of assessment, of studying foreign laws than those that a political leadership has. Due to its nature, the political leadership must also bear common well-being in mind from the partisan viewpoint. We are more objective than a political leadership.

[Oyarzun] Don't you criticize the seven National Renewal Party [RN] senators who voted against the constitutional reforms, despite Andres Allamand's decision?

[Diez] I am chairman of the Senate and they are not only senators for my party but also members of the Senate and the Senate chairman should maintain a certain relationship with each senator. It is a fact that the law on political parties gives the legislators autonomy to vote and that is essential in a democracy because, if not, all that would be necessary would be for the party leaderships to vote. Consequently, they had the right to vote black or white. What I am not happy with is the way they did it.

[Oyarzun] Why?

[Diez] Because when the RN adopts a stance, even though I may be against it, I must remain silent and when the time to vote comes I can say: "I am sorry to have to vote this way, against my party, but my belief regarding the subject tells me that country's well-being is in this other direction. However, a campaign against

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the party was launched and the party and constitutional reforms were mistaken for internal frustrations and Allamand's presence...

"A power struggle within the RN took place and it was reflected in the media and I do not like that. I think the wrong path was taken and this, definitely, resulted in a comprehensive rejection of the reforms, which I think is absurd. The same people who rejected the reforms we upheld said they were willing to assess our constitutional reforms but not the government's. The government was very much in favor of the amendments proposed from the Senate."

[Oyarzun] Do you agree with Deputy Allamand that de facto powers, among them the Army, were behind the rejection of the constitutional reforms by pressuring the senators of your party?

[Diez] I don't know. I believe the RN senators adopted a stance a few days after the meeting in Temuco and gradually became more inflexible as a result of the internal debate.

[Oyarzu] Are there any de facto powers?

[Diez] Of course. It is only normal that they should exist in a society. If one hopes political powers to be the only ones that exist, one ends up in an absolute statism. In a society there are many focuses of power...

[Oyarzun] Are the Armed Forces one too?

[Diez] Of course. We mustn't forget what is stated in the Constitution where it refers to the mid-level organizations between the human being and the state.

[Oyarzun] Why do you, who was one of the authors of the 1980 Constitution, now abhor it?

[Diez] I do no abhor something for which I am also responsible. The 1980 Constitution was appropriate for 1980, with an authoritarian military regime, that had to lead to an electoral system or plebiscite, because the military said they were going to fulfill their goals and hand over power. The military honor was committed and exactly what we had in mind took place...

[Oyarzun] Is it true you have stayed away from the Armed Forces for political reasons?

[Diez] I have not left nor approached them. I have my opinion about the Armed Forces and my opinion about their administration has not changed. But the institutional senators were and were going to be appointed by the Armed Forces.

It makes a great difference to be appointed by the Armed Forces than by any political organization. The Armed Forces did not organize a party or try to establish an ideology. All they wanted to do was safeguard the institutions they had set up with the hopes that the social structure created by their economy and juridical system, in the long run, would be strong enough to keep the country on the rails of modernity created by the military regime.

"But, what will happen when in 1997 Frei names two senators and has a say in the matter regarding the other appointments? The four representatives of the Armed Forces are not named by the current commanders, nor the future commanders; they are elected by the National Security Council, presided over by the president of the Republic, who has political influence because even the commanders of the Armed Forces or Supreme Court ministers are named by the Executive Branch.

[Oyarzun] Doesn't the reform eliminate the Armed Forces' role as "guarantors of the institutional system," as is stated in the Constitution, within the National Security Council?

[Diez] By no means.

[Oyarzun] Why not?

[Diez] For your information, I wrote the phrase in the article that states that the Armed Forces are the guarantors of the institutional system.

[Oyarzun] How is the Armed Forces' role as guarantor contemplated in the Constitution?

[Diez] In the first place, in its independence. It is very important that the Armed Forces Organization Law not be modified. In the second place, the National Security Council is very important because it is a means through which the Armed Forces expresses its opinion regarding serious developments — paraphrasing the Constitution — and that opinion has hierarchy because it is that of its commander in chief and not that of any colonel or admiral.

"That, in my opinion, is the main tool of the guarantor: to be able to express its opinion in its capacity as an institution before the authorities, that it not be illegitimate and that the country learn about it because that opinion will have moral weight. That provision will be fully maintained. What the reform proposes is as simple as saying that the commander of an Armed Forces institution may give his opinion, and request that it be conveyed to the president of the Republic, or I, in my capacity as president of the Senate, give my opinion on a serious security issue and ask that it be transmitted to the president of the Republic. If the Army or Navy commander agree with me they can say: "We share the same viewpoint with the Senate chairman." If they do not wish to say anything, because it is a problem between the Senate and the president of the Republic,

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then they do not do so. According to the current system, they are compelled to vote and state their stance if I request a vote and that means involving the Armed Forces in issues alien to them.

[Oyarzun] Why change the Constitution if it has worked during all the transition period?

[Diez] But the Security Council has not!

[Oyarzun] But the institutional system has worked...

[Diez] It has worked because the institutional senators are first-rate people and were named by the military regime without any political purposes. But that will not be the case with the senators named by Frei.

[Oyarzun] Will Frei try to get the support of the majority of the institutional senators?

[Diez] I am sure he will enjoy the support of the majority. The president of the Republic names the officers, the commanders in chief, the Supreme Court ministers and, moreover, he directly names two senators.

[Oyarzun] Has your relationship with the Army commander deteriorated?

[Diez] I do not think so. We have never had a very close relationship, I am not a friend of the Pinochet family nor Pinochet a friend of my family. I worked with him under the military regime, it was a relationship of great respect. I have met with Pinochet, in my capacity as senator, on many occasions and also with the same respect. He is the Army commander and I have no right to get him involved in political issues. Therefore, I do no see any substantial change.

"I am certain that after what happened, the relationship will be much more distant than in the past, because I am not naive." [passage omitted]

Colombia

Colombia: Prosecutor Orders Arrest of Attorney General

PA0105060796 Mexico City NOTIMEX in Spanish 0317 GMT 01 May 96

[FBIS Translated Text] Santa Fe de Bogota, 30 Apr (NOTIMEX) — The "CM& Newscast" reported tonight that the Prosecutor General's Office issued an arrest warrant today against Attorney General Orlando Vasquez on charges of reported connections with the drug trafficking mafias.

A team of prosecutors at the Supreme Court found evidence possibly linking Vasquez to the Cali cocaine cartel and ordered his immediate arrest.

Vasques is in charge of the disciplinary investigations of the country's public officials, a responsibility he will be suspended from by orders from the Supreme Court. The Court is conducting another inquiry on his alleged falsifying of evidence during the questioning of Prosecutor General Alfonso Valdivieso.

According to CM&, the arrest warrant was issued after the prosecutors determined that the high-ranking official was involved in the alleged crime of illegal enrichment by receiving assets from the Cali mafia.

Agents from the Technical Investigation Corps of the Prosecutor's Office (CTI), the armed body assigned to the Prosecutor General's Office, immediately began searching for the official, whose whereabouts were initially not known.

It was learned, however, that Vasquez' attorneys have begun negotiations to facilitate his surrendering to justice. There would be a prearranged place of confinement, probably one of the military garrisons located in Santa Fe de Bogota or surrounding areas.

According to investigations, Vasquez received significant amounts of money from "front" companies under other people's names, but belonging to brothers Gilberto and Miguel Rodriguez Orejuela, believed to be the top leaders of the criminal organization.

The amounts of money were delivered by former Senator Arlem Uribe, who was murdered last year in the city of Medellin.

Furthermore, Chilean Guillermo Pallomari, former cartel treasurer, said recently that the drug traffickers gave him a luxury home worth $1 million, which he in turn passed on to somebody else.

Pallomari fled to Colombia two years ago but showed up in the United States in mid-1995. After turning himself over to officials, he became an informant for the DEA.

During police raids, the Vasquez name also appeared on the lists of beneficiaries of the Rodriguez Orejuela brothers, who had many politicians, now under investigation, registered as guests of an exclusive hotel.

Vasquez answered questions last week before prosecutors and said at the conclusion of the questioning that he was innocent of all charges and believed he was being persecuted by the Prosecutor General's Office.

When the country was awaiting his imminent arrest, the Supreme Court surprised everybody by asking the National Congress to suspend Vasquez for 90 days subject to an extension for the reported evidence falsely submitted against Valdivieso.

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Vasquez was investigating Valdivieso for alleged irregularities in connection with the donation of a plot of land to a non-profit religious foundation to construct a school for the poor.

The Supreme Court, however, determined that the witnesses submitted false evidence and later retracted. This prompted the prosecutor general to be charged with irregular conduct. He is also charged with obstructing the actions of the penal justice system.

Valdivieso is the mastermind behind the inquiries in connection to the so-called "narcoscandal," which involves President Ernesto Samper and dozens of officials with the infiltration of money from the Cali cocaine organization to finance political campaigns.

Samper is being investigated by a special commission of the National Congress. It must decide his legal status in two or three weeks, while the Supreme Court does the same with some 20 congressmen, seven of whom are already under arrest.

Colombia: Court Orders Probe of Deputy Attorney General

PA3004133396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0300 GMT 30 Apr 96

[From "Caracol's Quarter of an Hour" newscast]

[FBIS Translated Text] The Supreme Court of Justice [CSJ] has instructed the Prosecutor General's Office to investigate Deputy Attorney General (Luis Fernando Montoya) and other officials from the Attorney General's Office for alleged illicit participation in the case that led to the suspension of Hernan Jimenez, Prosecutor General's Office's CTI [Technical Investigation Corps] director.

In the CSJ's opinion, there reportedly are elements that allow it to establish that Deputy Attorney General Montoya and his assistant, (Fernando Gonzalez Carrisosa), who suspended the CTI director from his post, acted due to the personal interests that Attorney General Orlando Vasquez Velasquez is apparently defending at the Prosecutor General's Office.

Meanwhile, the Caracol Network has learned that the charges that were lodged against the chief of the Attorney General's Office and for which the CSJ demands his suspension are as follows: obstructing penal and disciplinary investigations against him, paying off witnesses, and performing duties that do not correspond to his office.

Colombia: New Finance Minister Interviewed

PA3004151696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Apr 96

[Telephone interview with newly-appointed Finance Minister Jose Antonio Ocampo, in London, by Caracol News Director Dario Arizmendi and reporters Javier Ayala and Judith Sarmiento, in Santa Fe de Bogota, on 30 April; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Dr. Jose Antonio Ocampo, good morning.

[Ocampo] Good morning, Dario, and thank you very much for your generous introduction.

[Arizmendi] When do you return to the country and when will you take over as finance minister?

[Ocampo] I will return between Friday and Saturday to Colombia. I imagine I will take over as finance minister sometime next week.

[Arizmendi] Have you already talked to your predecessor and friend Dr. Guillermo Perry?

[Ocampo] Yes, I have been talking with him everyday since Sunday.

[Arizmendi] When did you learn about Minister Perry's resignation?

[Ocampo] In the early morning of Monday or Sunday evening in Colombia.

[Arizmendi] Who gave you this news?

[Ocampo] The president.

[Arizmendi] Why did you accept the offer to become finance minister at such difficult economic and political juncture?

[Ocampo] I believe it is a responsibility, particularly of those who are already in the government, to take on additional responsibilities in difficult moments.

[Arizmendi] Yesterday, former Finance Minister Rudolf Hommes, when commenting on Perry's resignation and your designation as finance minister, stated that better the Perry you know than the Ocampo you don't know. What is your comment on this remark?

[Ocampo] Regrettably, I have never had a favorable opinion of Dr. Hommes.

[Arizmendi] Why, Mr. Minister?

[Ocampo] I don't understand, I have never known him to be honest with you.

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[Arizmendi] Is it perhaps the preceding government had such different positions on the economic government?

[Ocampo] Perhaps that is one of the reasons. On the other hand, when the governments of President Gaviria and Samper had to work together, in the end we always agreed with Minister Hommes on what to do. Therefore, I don't really understand Hommes' remarks.

[Arizmendi] [Words indistinct] criticism of Hommes from the pages of EL TIEMPO. You will surely become one of his favorite targets. Will you maintain the controversy with him?

[Ocampo] I respect profoundly the channels of democracy, the channels of public discussion. I believe that Dr. Hommes has every right to state his views on the issues of the country, and I expect others speak favorably about what we are doing.

[Arizmendi] We would like to get your opinion on the government's economic orientation from this moment on, Dr. Jose Antonio Ocampo. Will corrections be made to the economic opening so as to slow the process down, as you suggested in the former government and also in this government?

[Ocampo] I have always said that the slowness in implementing the adjustments cannot be made retroactively. That is like a glass; when it breaks, it cannot be pieced back together. Therefore, that is not the fundamental issue. The fundamental issue, as we said during the tenure of this government, is to build complementary policies so that the economic opening is successful. We must devise the agricultural policy, industrial policy, exporting policy, science and technology policy in support of producers. We must adopt measures to fight against irregularities, such as under invoicing of imports or contraband. This is what must be done. We must not go back in time.

[Arizmendi] How do you feel about the handling of customs on the highways and the struggle against contraband? Are you in favor of dividing in two the National Customs and Tax Directorate?

[Ocampo] Frankly, that was one of the subjects that Minister Perry worked on, and I am not fully aware of what was done. Once I become familiar with that, I will state my opinion to that effect.

[Arizmendi] In spite of the efforts made by Dr. Perry to seek a rapprochement with the board of directors of the Bank of the Republic, his differences of opinion were quite obvious. Do you think you will more successful with the bank's board of directors, which has a stand very different from that of the executive branch with regards to structural issues in the handling of macroeconomics?

[Ocampo] I think that the controversy between the bank's board of directors and the government is natural in a system that has turned part of the economic autonomy over to an independent organization. Therefore, I think that it is normal that we seek joint stands, and it will be normal that there will sometimes be some discrepancies. As far as I have heard from the board members, they have had less discrepancies with Minister Perry than they did with former Minister Hommes. Perhaps the discrepancies with Minister Perry were more public, but I think this type of discussion is normal.

[Arizmendi] Do you have more friends than Minister Perry in the bank's board members so that these relations will be better?

[Ocampo] Well, I consider all board members are my friends.

[Arizmendi] Good. What are you going to do in order to try to work out together an effort to reduce the interest rates, accelerate the rate of construction, and face the coffee problem? These three factors, in addition to the political crisis, are affecting the country's economy.

[Ocampo] I think that the key topic are the interest rates. The board members have already begun to adopt some policies, and I hope to continue working with them to this effect.

[Arizmendi] How much longer can the economy take the impact of the political crisis?

[Ocampo] Well, I am not one of those who think that the political crisis is the main factor affecting the current economic situation. It is yet to be proven if that is the predominant factor. I am sure that the interest rates, the coffee crisis, the Venezuelan crisis, and the Ecuadoran crisis are among the other more important factors that are affecting the economic situation. Evidence of this is the fact that some countries that are not experiencing a political crisis have an economic slowdown that is worse than ours. For example, look at the case of Peru, where interest rates are much higher than in Colombia and where the GDP has been steadily dropping since last year. Thus, it is natural that some economic cycles are associated to the economic administration, to external factors. We are experiencing a cycle that I hope — once we have gone through all the obvious difficulties — will show that it was much less severe than what the critics said. That is what happened last year. The magnitude of the public debate would lead one to think that the economy was in deep recession. Nonetheless, the results of the year were very satisfactory. I think ...[pauses] I hope that we will have the same results this year.

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[Arizmendi] After the news of Minister Perry's resignation was learned yesterday, the Medellin stock market increased its operations by 3.8 percent and the Bogota stock market increased by 2.64 percent. What is your opinion about all this?

[Ocampo] This morning in London, I talked with the investors of the Colombia Fund who work with the country's stock exchange. They are very optimistic about the future of Colombia, and that is what was reflected in the stock market. The truth is that people are more pessimistic inside the country than the those who observe from the outside.

[Arizmendi] Some think that the recovery of the stock market that has been evident since last week has to do with the signal foreign investment funds are receiving to the effect that President Samper is about to leave the presidency and there will be much hope in the recovery of the Colombian economy.

[Ocampo] Well, that is one interpretation, although I certainly do not see what is the basis. However, I think that the important thing is the trust that the foreign investors express in our country. I hope that this will also be reflected in the trust of the Colombian investors themselves.

[Arizmendi] How would you rate the work done by Perry, your predecessor, on the scale of one to five?

[Ocampo] I would give him a five.

[Arizmendi] [Words indistinct] with him regarding economic matters, because it was known that there were some disagreements, which is quite normal?

[Ocampo] The people must accept the idea that fortunately, [words indistinct], because the public debates that characterize democratic governments must take place within the government. At times, this means internal disputes, which are perfectly normal. I would say that obviously, I identified myself with Perry's policy and even though there were minor disagreements over one view or another, we were a rather monolithic team regarding significant issues.

[Arizmendi] Miguel Urrutia, manager of the Bank of the Republic, is also in London. Have you already spoken to him? What have he said about your appointment? How did he take it?

[Ocampo] Many Colombian economists are attending this seminar offered by the London University. I had a very pleasant conversation with Urrutia and he was one of the persons who advised me to accept the post.

[Sarmiento] Some people support social investment, the recovery of the small farmers, investment in programs for the lower classes and initiatives to end abject poverty, whereas others are concerned with having sound macroeconomic figures and monetary stability and reining in inflation and public spending. Where do you place yourself on this spectrum, to the left or the right? What is your concern: the welfare of the people or sound economic figures, despite abject poverty?

[Ocampo] What we have learned in Latin America, in the wake of this difficult crisis of the 1980's, is that these two objectives cannot be separated. We must have ambitious economic policies such as those of our current government, but never can these policies be implemented at the expense of the macroeconomic balance.

[Arizmendi] Last, will you be finance minister for 28 months?

[Ocampo] Only history will answer your question.

[Ayala] There are rumors that you will be leaving for Europe in September to finish some studies. Is this true or not?

[Ocampo] I believe some people want to send me to school.

[Arizmendi] Excuse me, but I do not believe you answered my question of whether you will be minister for 28 months. You were saying that only history will tell.

[Ocampo] Yes, only time will tell. I am not concerned over how long I will be finance minister. I believe the important aspect here is to show stability and in this regard, I believe I was the appropriate person to give a sense of continuity as far as the economic policy is concerned. This is the important aspect at this point.

How long I stay as finance minister will depend on many circumstances, particularly, the policies adopted, as they will lead to national agreements to overcome the political crisis. My stay as finance minister will be then analyzed under those circumstances. What is important for me is to contribute, in this very difficult juncture, to generate confidence and stability, and this is what I am doing.

[Sarmiento] If only time will tell how long you stay as finance minister, which time are we talking about: the time of saints or the time of people [as heard]?

[Ocampo] We are talking about the time of people.

[Arizmendi] Yesterday, jokes were made on "The Firefly" newscast about you being a native of Valle del Cauca and the lazy demeanor that characterizes some people from Buga and Valle del Cauca. Will the economy move at the pace of Buga or Valle del Cauca from now on?

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[Ocampo] Do you know something? I was born in Valle del Cauca, but I am of Antioquian descent. They also made jokes about Antioquia.

[Arizmendi] In other words, we will have a mixture of Valle del Cauca and Antioquia paces.

[Ocampo] We will have a great deal of Antioquian pace, but I am also sure that people from Valle del Cauca work hard.

[Arizmendi] This is true. We should not make jokes about any department. Many thanks and congratulations to you.

Colombia: Business Leader on Perry's Resignation

PA2904160496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT, 29 Apr 96

[Telephone interview with National Business Council President Sabas Pretelt de la Vega, by Dario Arizmendi, Judith Sarmiento, and an unidentified reporter in Santa Fe de Bogota during "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Good morning. How did the production associations and Sabas Pretelt de la Vega, president of the National Business Council and Fenalco [National Federation of Businessmen] react to the resignation Finance Minister Guillermo Perry Rubio tendered Saturday night?

[Pretelt] Good morning, Dario. Frankly, I find it discouraging that Minister Perry is resigning. Guillermo Perry was one of those persons who gave the government great economic stability. Last week, the National Business Council met with him and we analyzed the entire economic situation and agreed to hold periodic meetings for the purpose of easing the impact of the political crisis on the performance of the economy. By the way, the economy is in poor shape because of various factors. This is not only because the political crisis is causing grave harm, but also because of smuggling, the international price of coffee, the crisis several sectors such as construction are experiencing, and other reasons.

He was an authorized and important interlocutor, and his decision took us by surprise. I think that....

[Arizmendi, interrupting] You never imagined that anybody could have seen that he had economic, political, and ideological differences with President Ernesto Samper? Do you think that he really resigned for the motives he outlined in his letter; that those were the real causes that prompted him to tender his resignation in such a surprising manner?

[Pretelt] One has to believe what people say. It is my impression he must be upset over some excessive spending he cannot control or over some circumstances that fall out of his control, precisely because of this political crisis, and that is why he tendered his resignation. One must not comment on the president's decision on the matter of the cabinet. We have been very respectful of that point. If there is something that is good for the country, however, it is not to accept Perry's resignation and insist that he continue at the helm of public finances.

[Arizmendi] What does catch one's attention is the finance minister's insistence on his loyalty for the president, his repeated expressions that the president agreed with him that the economy and finance minister must not get involved in the economic crisis, the reminiscences of the time he served as Samper's alternate in the Senate, as delegate to the National Constituent Assembly on the Samper lists headed by Horacio Serpa Uribe, as minister under the Virgilio Barco administration as a member of the Samper faction, and his promise he will defend Samper. Couldn't this mean that they clashed on this matter?

[Pretelt] One is certainly left with that impression, namely, that Minister Perry got bored of being the lightening rod regarding the whole public spending situation, where he gets shot at from every angle, and decided to quit. I think he is the cornerstone at this time when so much uncertainty is being generated because of the crisis, the political crisis, when investors are edgy. We told Minister Perry, and the National Business Council that groups the 15 associations representing all the sectors of the economy are not the only one saying this, that we valued and admired his individual performance as minister at the helm of the nation's finances. Four days later, he resigns. That, quite frankly, is surprising.

[Reporter] The associations will attend a meeting with President Samper. There is speculation that you will ask the president to resign and that you will be categorical about that. Have you made a decision on the matter?

[Pretelt] Yes. I take advantage of this opportunity to say that the meeting scheduled for this morning was moved to the afternoon, because the president is coping with the Huila strike and a meeting on this issue could be extended and leave doubts regarding his meeting with us. The National Business Council is going to meet with the president at 1400. I want to tell you that the 15 associations have held consultations and received the opinions of businessmen from all cities of Colombia, from all local and national boards of directors, to make a pronouncement. For several days

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now, we clearly established the Colombian business sector's stance regarding the crisis. We hav chosen not to divulge our views out of elementary courtesy with the president, to whom we will convey what the Colombian private sector thinks about the solution to the crisis and all the things that we are experiencing now.

[Arizmendi] Will you bring a written document?

[Pretelt] There has been a great deal of speculation about that, too. Some weeks ago, the National Business Council drafted its views on the points we should discuss with the president. The news media has speculated a lot about this document. We wanted was to tell the president personally how we view the situation; that we feel a prompt solution to the crisis is indispensable, and our opinions on the matter. Since there has been wide speculation on the document, we decided to write a letter to the president, based on such a document, which was really a memorandum for the meeting with the president. We will deliver that letter to the president at the end of the meeting.

[Arizmendi] A letter to request his resignation?

[Pretelt] I believe the letter will be self-explanatory. Out of courtesy with the president, my colleagues and I have agreed not to reveal what we are going to talk about despite the abundant speculation that has been made in this regard. In general terms, I would like to tell you that the position of the private sector has been unified at the national level for a long time.

[Arizmendi] Do the business associations share the views of several Antioquia businessmen, some of whom are linked to the so- called Business Association of Antioquia [words indistinct] Dr. Nicanor Restrepo Santamaria, the governor of the department and president of Sudamericana de Seguros in the sense that the solution to the country's crisis must be announced now and should be based on the definitive resignation of the president?

[Pretelt] We are going to talk to the president today about that situation, Dario. I want to be loyal to my fellow business leaders. What I can tell you is that there has been a permanent coordination at all private enterprise levels. All statements made by the National Business Council have been consulted with the rank and file, as they say. The true role-players in all economic activities are the nation's businessmen, as far as the private sector is concerned.

[Sarmiento] We understand your prudence when talking, Dr. Sabas Pretelt, but we ask ourselves, if you are going to give him a letter what are you going to discuss?

[Pretelt] The president has repeatedly stated that he needs a mediator. I believe this is an unprecedented situation in Colombia's recent history. We have a totally united private sector. The entire private sector is totally united. They have the same criteria as expressed by the National Business Council. The president will now have someone, with whom he can sit down and talk in order to find solutions even though we have a very clear position on how we believe the problem should be resolved. The country must know that the National Business Council, as businessmen themselves have stated on their own, is respectful of the due process. Meaning, the decision should be made at the Chamber of Representatives. What the Chamber of Representatives decides should be respected by the businessmen and by the National Business Council. A different thing is the situation in the country. The crisis that has led to this phenomenon, but businessmen are in no way interested in kicking the president out, among other things, because it is not up to us and we do not have the power to do that. We would be violating the law if we acted otherwise.

[Arizmendi] You have just said that the National Business Council and individual businessmen have accepted the due process and will accept and will respect the final decision adopted by the Chamber of Representatives. I ask you the following: If the Chamber of Representatives acquits the president of all charges and decides not to file charges against him at the Senate, would you accept that ruling and would you consequently seek other formulas with the head of state and other social forces to maintain the country's governability?

[Pretelt] That is precisely what the National Business Council wants to do. Once the Chamber of Representatives hands down its ruling, it should be heeded. The country's governability is a totally different thing, however. That is where a solution to the crisis must be found. We have our opinion and the president will surely discuss it and will make his proposal but the position of the private sector in this regard is very clear.

[Arizmendi] It is clear in what regard?

[Pretelt] I am telling you honestly that the business leaders are going to directly express our position to the president and the media will not know about it before the president does.

[Arizmendi] Have you joined the group of people, who shout: guilty or innocent, the president must go?

[Pretelt] We do not sing those types of songs at the National Business Council. We have handled things very seriously, always thinking about the country because

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what is at stake here is very serious. We believe that the situation has to be handled with the utmost seriousness.

Colombia: New Movement Demands Samper's Resignation

PA3004185796 Medellin EL COLOMBIANO in Spanish 25 Apr 96 p 11A

[Report by Leon Saldarriaga]

[FBIS Translated Text] Hundreds of business and political leaders gave support to an anguished call by the National Reconstruction Movement to demand President Samper's resignation, even if the Investigation and Accusations Committee of the Chamber of Representatives acquits him, because the country's future is at stake.

The call was made by leader Hernan Echavarria Olozaga, one of the speakers, together with Juan Gonzalo Restrepo Londono, during an act held yesterday at the Intercontinental Hotel, which brought together a vast sector of area leaders that had been summoned by the emerging movement.

The meeting was not only marked by a midday traffic jam in Las Palmas and the crowd inside the hotel's Antioquia room, but the agitation of all the speakers, which left many with a feeling that they "cannot take it any more."

Those at the head of this group of distinguished people consider the president's withdrawal as being vital. They assume that it is honorable to be called conspirators because they are saying the truth.

While for Enrique Gomez Hurtado a "club of accomplices" has been formed in Congress, for Juan Camilo Restrepo the crisis' harshness has forced civilian society to move because "nonconformity is widespread."

But Echavarria Olozaga's demand was the one that received the most support from those in attendance when he said: **"I ask the president that he take pity on the nation, that he consider the condition it is in, that he look at the danger that is closing in over all of us, and that he please resign..."**

With Respect and Energy

For Juan Gonzalo Restrepo, the current crisis is close to unfathomable cliffs and he urged immediate solutions so as to emerge from what he defined as "a confusing heap of disasters."

He said that one of the paths out of the crisis is to ask the president to resign without beating about the bush. Those in attendance then interrupted him with an extended applause. The request to the president, he added, is with understanding and respect, but with energy.

"Our demand has nothing to do with the trial. It is a demand made in solidarity no matter what the Congress verdict turns out to be, but it must be institutional and dignified, without causing so much trauma," he said.

Restrepo Londono believes that once Humberto De la Calle becomes president, policies will need to be instituted to change the attitude of the people on various fronts, because the goals are not within reach.

He suggested, among other things, to renew the political class, strengthen justice, struggle for a balanced distribution of income, and make the eradication of poverty a priority.

More important than taking measures, he insisted, is a change of attitude, because one cannot preach resignation. "Either we treat the poor with fairness or they will try to gain access to riches through violence," he said.

Restrepo also said that the current uncertainty has affected business and public finances, which are in a disastrous state of affairs because the administration's populist inspiration has diverted the destination of resources. "Squandering and favoritism are the common public spending denominators."

In the face of the current domestic situation, he stressed, projects should be carried out in order to prevent increased outbreaks of populism.

The Country Cannot Subsist

The auditorium's concentration was caught when veteran businessman Echavaria Olozaga said that he does not believe the country can subsist much longer under the country's current conditions without the nation reacting vigorously.

Furthermore, he said, we have a president and four of his ministers who are about to go to jail, compounded by the fact that there is "a Congress that is completely corrupt or paid-off by the bureaucratic interests it has been offered."

Even though he said that he is not one of those who wants to kick Samper out of office, he said that he should resign because he cannot remain in power for very long due to the circumstances in which he arrived there.

"It no longer matters what the investigating committee says because we know that he will be declared innocent

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of everything, including of failing to see an enormous elephant..," he said.

Echavarria Olozaga believes that Colombia needs a huge reconstruction to decide the country's future and said that this is why we need to be very careful who we elect in 1998.

To this end he asked to "abandon the red or blue flag" and elect a true leader who cares about the country. "That must disappear," he said.

He voiced his concern over the lack of leadership in the country just when it is needed the most, and said that Colombia's future could look like Cuba's due to a lack of awareness among much of the people.

Following a prolonged study on the birth and presence of subversion in Colombia, he warned that the guerrillas' main objective is to take power and for the first time the leading class has realized this danger.

Echavarria Olozaga asked that a national emergency declaration be issued in order to face the subversion phenomena and although he admitted that there must be a dialogue with its spokesmen, he said that "they have to be hit hard militarily" and a true agrarian reform has to be carried out.

Thus, the group of leaders passed through Medellin where they were received by numerous entrepreneurs amid approving applause. The group, which calls itself an advocacy group [grupo de opinion], continues on its national tour urging Samper's departure and stating that it an honor to be called "conspirators."

Colombia: Army Uncovers ELN Plan To Create Rural Front

PA2904165796 Santa Fe de Bogota EL TIEMPO in Spanish 25 Apr 96

[Report by Orlando Restrepo — received via Internet]

[FBIS Translated Text] Documents seized from "Vladimir," the ELN [National Liberation Army] people's militia chief in Ciudad Bolivar, revealed that the ELN's central command has ordered the implementation of "La Esperanza Project," which intends to create the movement's first rural front in Cundinamarca department.

The capture of "Vladimir" in Santa Fe de Bogota on 20 March in addition to the seizure by the military police of a printer and numerous documents provide clues to the ELN's expansion plans in the country's central region.

After questioning "Vladimir," the Army found that the ELN is organizing and trying to consolidate a rural military front to try to seize the territories held by FARC [Revolutionary Armed Forces of Colombia] in Cundinamarca and the country's central region. "The ELN is taking advantage of the country's present political crisis and using it to give impetus to their plan to advance toward the country's political and administrative center, internationalize the conflict, and have its belligerent status recognized," a high-ranking 5th Division officer reported.

Nevertheless, the information provided by "Vladimir" is not the only evidence the Army possesses on the subversive group's intentions. According to one of the documents, the ELN's central command has ordered the implementation of "La Esperanza Project," whose purpose is to create the first ELN rural front in Cundinamarca.

The document is called the "National Tactic Plan" and includes the ELN's directives and policies for the next two years, as well as the conclusions reached at their assembly. One of these conclusions refers to the implementation of "La Esperanza Project."

The document, now in Army hands, says the project was agreed upon by the ELN command during the third national assembly, which was held in Santander in February.

Displacements

Other seizures by the 5th Division last month provided new clues to the ELN's intentions.

One member of the Domingo Lain Front, captured in Santa Fe de Bogota last week, told military intelligence members that the ELN is dispatching men of ample political and organizational experience to strengthen the people's militia structure and reinforce the organization's presence in the central area of the country with the intention of creating the front.

It is worth mentioning that the ELN's only presence in Santa Fe de Bogota has been through the people's militia, which was created 10 years ago. Nevertheless, the Army believes that the militia lacks the organizational capability and structure to create a rural front and that, because of this deficiency, the organization recognizes the need to send experienced personnel to the area.

In addition, as early as March, the 5th Division learned about the displacement of special commandos from the Domingo Lain and Jose David Suarez Fronts, which operate in Arauca and Casanare, to Santa Fe de Bogota and Cundinamarca.

According to Army sources, the members of these commands have plenty of experience in organizing and managing rural gangs, and they have initially chosen

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the Tequendama region to implement the project. "We have observed the increased presence of ELN guerrillas in Pasca, Silvania, and Tibacuy municipalities," a 5th Division officer told EL TIEMPO.

Also, according to the Army, the ELN is reinforcing its presence in Facatativa, Villeta, Girardot, and Medina municipalities, where they had never been observed before and where they now conduct logistical and administrative activities and obtain arms.

Why Cundinamarca

It is clear to the Army that the ELN chose the Tequendama area for three reasons. First, well-to-do families reside in the area, which will facilitate the ELN's financial operations. Second, Tequendama lies near Tolima department, where they rely on the Bolsheviks from the Lebanon Front. Third, it will become a rear guard zone when they carry out actions in Santa Fe de Bogota.

According to the same officer, the ELN is starting to manage a structure called Regional Area Committee (CRA). This structure consists of small groups of subversives tasked with conducting political and intelligence activities and infiltrating governmental agencies and nongovernmental organizations.

According to the Army, the members of these commandos have prepared and supported the implementation of the so-called Armadillo Plan, which is a plan to attack government installations in Santa fe de Bogota and which went into operation on 18 January. "Hence the ELN's interest in carrying out attacks in Santa Fe de Bogota. The ELN wants to make a show of force for the benefit of FARC, its potential rival in Cundinamarca," he said.

With the creation of the first rural front, the ELN will try to draw attention to itself because the country's political and administrative center is located in Santa Fe de Bogota. "They are trying to do something similar to what they did in Barrancabermeja, where they organized the militia for several years; the militia which led to the creation of the Yariguies Front in 1991," the officer concluded.

Colombia: Evidence on FARC Activity in Attack 'Conclusive'

PA2904122996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 26 Apr 96

[Report by Beatriz Elena Garcia; from the "Midday Newscast"]

[FBIS Translated Text] Medellin — The Army's 17th Brigade has given the Delegate Prosecutor's Office in Uraba conclusive evidence of the participation of the FARC [Revolutionary Armed Forces of Colombia] in the grenade attack on the [words indistinct] in Apartado, which left three persons dead and 17 injured, as well as the attack on seven leaders of [words indistinct] and of the Hope, Peace, and Freedom Movement in Currulao Corregimiento, Turbo, in incidents that took place on 15 and 19 April of this year.

Brigade General (Ritualejo del Rio Rojas), commander of that military unit, said that evidence was also submitted that showed that the 5th Front of the FARC is preparing another terrorist action in retaliation for the murder of 11 persons in a pool hall, in a Policarpa neighborhood in Apartado. A total of 18 persons from four families have sought refuge in that brigade based in Carepa. Among them are 11 children, whose ages range from between two months to 15 years. They had to be evacuated from Las Brisas Neighborhood, Bajira Corregimiento in Mutata in view of a possible massacre by the FARC.

A member of one of the evacuated families told Emisoras Caracol Network that the fact that one of his brothers was serving in the military and the fact that he himself refused to be recruited by the guerrillas led the rebels to decide to kill them as an example to the rest of the residents of the area.

Finally, Gen. Del Rio Rojas said today that the FARC is trying to manipulate organizations like the International Red Cross Committee by making threats against peasants in Uraba. He said that with the death threats, the rebels have forced residents of Nueva Antioquia and Nuevo Oriente in Turbo and in Bajira, Mutata to make false accusations against the International Red Cross Committee and human rights organizations about alleged mistreatment as well as ties between the military and private justice groups.

Colombia: Officials on Need To Recall Bank's Autonomy

PA2904204996 Santa Fe de Bogota EL TIEMPO in Spanish 26 Apr 96

[Received via Internet]

[FBIS Translated Text] Government officials and congressmen continue to state that there is a need to recall the Bank of the Republic's [Banrepublica] autonomy.

Yesterday, Foreign Trade Minister Morris Harf Meyer said the government has "the responsibility of handling all the instruments of the economy" in order to promote the conditions for a stable policy.

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Harf Meyer spoke at the senate's third commission, where a debate on the repercussions of Venezuelan economic reforms on Colombia was held. Guillermo Perry, Rodrigo Pardo and Rodrigo Marin, Finance, Foreign Relations and Development Ministers, respectively, also attended the meeting.

Harf Meyer did not go into details, however, the participants understood that he meant to say the government should be able to make decisions on issues that at present are within Banrepublica's purview. Especially, when he noted that the "government has no control over some of the things that are happening."

Several senators underscored the need to immediately promote a constitutional reform to revise Banrepublica's policies.

Liberal Senator Aurelio Iragorri, for example, said the government should come forward with a proposal to reform the bank's charter so that these problems do not happen again.

Senator Luis Guillermo Velez emphasized that Banrepublica has made mistakes in facing problems, among others, the deficit in the balance of payments.

However, Senator Juan Camilo Restrepo was distressed over Harf Meyer's statement, adding that there is no coordination within the government or between the latter and Banrepublica.

One of the bank board members said that the best thing to do is to continue handling the economic policy in an independent manner, which is the method that has proven to be the best.

He noted that the relations between the government and Banrepublica are better than what has been portrayed to the public, but he added that there have been disagreements as in all decisionmaking associations.

Venezuela

Several ministers agreed that the recently adopted measures in Venezuela will have short-term negative effects in Colombia.

All of them believe that in the mid term, the increase in the prices of staple goods in Venezuela (and the inflation) will dissipate the effects of the devaluation.

In regard to the adoption of safeguards, the ministers explained that much care should be taken in making such decision, although at present local production may be affected.

Rodrigo Marin said that the government cannot act on its own initiative: a request and proceedings are needed to make a decision on the matter.

Colombia: Nation Said 'Most Violent' on Workers' Rights

PA2904124096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 25 Apr 96

[Report by Luis Angel Perez; from "The Latest News" newscast]

[FBIS Translated Text] The Latin American Workers Federation, CLAT, has announced that Colombia is the most violent country in the area of workers' human rights. CLAT Secretary General Emilio Naspero made the following comments:

[Begin Naspero recording] Colombia is presently the world's most dangerous country for union leaders who represent workers' interests and rights. According to our records, at least 2,000 male and female union members and leaders have been killed over the past five years. We have long reported this fact. Tomorrow we will initiate the International Solidarity Conference to put more pressure on the Colombian Government and to appeal to the nation's conscience. The reason is that we can no longer tolerate the killings and massacres of union leaders just because they represent workers. In my opinion, this is unacceptable. [end recording]

Ecuador

Ecuador: Arms Purchase Said 'Scandal' for Argentina

PY0105032396 Madrid EFE in Spanish 1452 GMT 30 Apr 96

[FBIS Translated Text] Quito, 30 Apr (EFE) — General Paco Moncayo, commander of the Ecuadoran Army, today asserted that the purchase of Argentine weapons by Ecuador during the war against Peru in 1995 "represents a scandal for Argentina, not for Ecuador."

During an interview with the local radio station "Radio Quito," Gen. Moncayo said "this represents a scandal for Argentina, there is no reason why it should represent a scandal for Ecuador. The fact rather confirms Ecuador's spirit during the conflict because we were not prepared for a war."

Moncayo added: "We did not prepare the attack nor plan any operation. The purchase of weapons proves that the Peruvian attack on our country and our military posts forced us to purchase weapons as simple and unsophisticated as the rifles."

Despite the fact that, for more than one year, the Army High Command denied having purchased weapons during the Cenepa war, when an embargo on purchase of

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weapons was in force, General Jorge Ortega, commander of the Armed Forces joint command, last week admitted that Ecuador purchased Argentine-made rifles.

Although at first Ortega said the negotiations were carried out through the Ecuadoran enterprise Prodefensa, he rectified himself later on and asserted that the deal was carried out through local businessman Roberto Sassen van Elsloo, who admitted having "participated" in the transaction.

The scandal broke out when Sassen van Elsloo demanded the delivery of all 8,000 rifles, which has still not taken place. On 26 April, Ortega asserted that the Defense Board is "renegotiating" the contract for the purchase of weapons not only because it is incomplete but because the rifles and ammunitions were allegedly obsolete, according to local press reports.

The Armed Forces joint command acquired the rifles and respective ammunitions "from an arms dealer who made a proposal," Moncayo said, adding that "how the dealer obtained those weapons is a matter that may represent a scandal for Argentina, not for Ecuador, because the country made an open deal."

The weapons were not only purchased while an embargo in this sense was in force, but also from the Argentine state enterprise Military Industries, although Argentina is one of the guarantor countries of the peace process between Ecuador and Peru.

Moncayo said: "The purchase was made under exceptional circumstances. The Armed Forces joint command deemed it necessary to purchase rifles, because it was unthinkable, in the midst of a war, to make the deal from government to government, because it would represent too much time."

The general insisted that the rifles were purchased from an arms dealer who "acquired them by means which we now realize were crooked, but the Army has nothing to do with that."

He asserted that the subject of the arms purchase will be assessed by the Ecuadoran-Peruvian commission created for this purpose. The commission comprises high-ranking military officers from the two countries as well as representatives of their respective Foreign Ministries.

According to the Army commander, there is no reason to engage in an arms race because the military men and governments must be subject to the pacifist will of the people.

Ecuador and Peru are negotiating a peace agreement following the undeclared war the waged in January-February 1995 over a portion of territory that lacks land markers on the borderline in the Amazon.

Ecuador: Defense Minister on Avoidance of Campaign

PY0105024796 Madrid EFE in Spanish 0129 GMT 30 Apr 96

[FBIS Translated Text] Quito, 29 Apr (EFE) Ecuadoran Defense Minister Alfonso Alarcon and the Armed Forces today reported that they will not allow anyone to have the Armed Forces involved in the Ecuadoran electoral campaign, which is in full swing, for the 19 May general elections.

In a communique issued by the Military Front (FM), signed by the defense minister, General Jorge Ortega, Chief of the Joint Command, and by the commanders of the three Armed Forces branches, the organization expressed "its firm desire not to allow anyone to have the Armed Forces involved in electoral campaigns."

This warning has been issued because Christian Democratic Party Presidential Candidate Rodrigo Paz had said that "there is concern" among members of the Armed Forces concerning the possibility of Ecuador having a Peruvian first lady.

Paz referred to Maria de Lourdes Morelli, Peruvian by birth, and wife of Independent president candidate Freddy Ehlers, who is supported by indigenous people's organizations and would be holding the second place in the Ecuadoran electoral preferences.

The FM document stated that it fully supports the democratic system and recalled that the only official spokesman of the FM is the defense minister, and within his jurisdiction, the three "commanders of the force."

Supposedly referring to former Defense Minister Jose Gallardo, who is also a presidential candidate, the FM said that "any statement by members of the Armed Forces on active duty must be considered personal."

He added that the Armed Forces "within their jurisdiction guarantee the transparency and cleanliness of the electoral process."

The document is signed by the defense minister, the chief of the joint command, and the three chiefs of the respective branches of the Ecuadoran Armed Forces.

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Paraguay

Paraguay: 'U.S. Intelligence' Behind Oviedo's Ouster

PY3004185896 Asuncion NOTICIAS in Spanish 28 Apr 96 p 6

[Commentary by Mauricio Schvartzman: "The Trojan Horse"]

[FBIS Translated Text] "It was a brilliant military maneuver that forced the rebel to surrender without firing a single shot" the colonel [not further identified] said in the lobby of a posh hotel where he usually goes whenever there is political turmoil. This time, of course, the turmoil did not involve only political circles but the entire Paraguayan society, political institutions, and the still brand-new democracy.

By chance the colonel returned from studying military strategy at the invitation of U.S. Non-Government Organizations just a few days before the historic 22 April, on which Wasmosy decided to end the forays of General Oviedo. To our delight this well-informed, well-educated man, who loves reading, reappeared to tell us about local political backstage maneuvering that has been the subject of this Sunday commentary more than once in the past.

During his tour, this colonel had the chance to talk to high-ranking Pentagon officials — some of whom are long-time friends and teachers. He said: "I was surprised by their insistence to discuss Paraguayan politics, and Gen. Oviedo in particular." He digressed while looking at us over his glasses, a very typical quirk of his. The colonel recalled: "There has been an old outstanding debt since the administration of General Rodriguez." He explained that the new transitional administration promised to turn in the good old boys who protect the drug traffickers. That was a well known fact. Everyone said at that time that the democratic opening of Gen. Rodriguez was the quid pro quo the U.S. Government demanded to "whitewash" the general's record. There was more to it than that, however. Democracy was to create the political and juridical system that would finally allow the dismantling of the drug rings and the illegal deals, which was an impossible feat under a dictatorship. Rodriguez was unable to fulfill this part of the bargain. Some of the corrupt generals fell, but it was not enough. There were more, and Rodriguez refused to rat on them. When Wasmosy took over as the first civilian president, he received the unpleasant inheritance of having to identify and turn in the big protectors of the drug trade. Worse still, the inheritance included the vile military support for Wasmosy's fragile civilian government of the very same big shots, and their financial backing of his policy. What could he do under these circumstances? While drinking his coffee and gazing at the floor over his spectacles, gathering his thought for what he was about to tell us, the Colonel explained: "Wasmosy was a prisoner of this support which prevented him from having a political base, and from governing the country. This is the root of the events that boiled over on 24 April when Gen. Oviedo fell into the trap and obediently signed his surrender during the installation of the new Army commander."

The colonel said: "The incident between Wasmosy and Oviedo on 22 May over the Colorado Party elections on 28 April was not the cause, just the detonator." He then discussed a U.S. State Department plan to get rid of Oviedo. He revealed: "Ambassador Service came to Paraguay with this, and other, missions in hand." He added: "Have you noticed that each U.S. ambassador comes with a specific mission? One came to study the political possibilities of toppling the dictatorship, another presided over its demise, yet another oversaw the transition, and this one is entrusted with ending Oviedo's military career."

The implementation of this plan began in mid 1995. Unpleasant statements by high-level U.S. Government officials that drug enforcement in Paraguay was not as forceful as it should be, the blacklisting of our country, all had to do with the "high places" that protect the illegal activities that [former] Ambassador Glassman once imprudently mentioned. Glassman's imprudence cost him his job because that information should have been handled very confidentially. The colonel explained: "Back in 1994, a U.S. intelligence report blamed Gen. Oviedo for having dismantled — that was the term it used — Paraguay's drug enforcement apparatus. That was, perhaps, the main problem. Thus, one can understand why Wasmosy and the people of the Senad [National Antinarcotics Secretariat] felt offended every time Paraguay was accused of doing little about drugs. They kept saying: How can we — without means or economic assistance — send our people to die? The reports obviously did not accuse either the Senad or Wasmosy, but high- ranking military officers who were protecting the criminals. That was the point of the blacklisting."

The time for the plan to yield fruit was approaching. The colonel added: "The Brazilian Government had lately joined efforts with the U.S. Government. The one thing Brazil is unlikely to ever forget is the drastic expulsion of foreign military missions as ordered by Oviedo."

Many contacts were made with political and government officials, and selected high-ranking military officers. The colonel speculated: "It appears D-day was scheduled for after the Colorado Party internal elections.

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It was not to have been on the Day of the Cavalryman, nor during the week of the party elections. Just imagine how untimely it would be to play with fire on the eve of Colorado Party elections which bring into the limelight the political commitments of democracy and arouse international attention." He added: "The point is that Gen. Oviedo already knew about his ouster, and both he and the president were nervous. The argument about the Colorado Party elections hastened developments. Given the tension, any incident could have sparked a fire. That is what happened. When Oviedo shouted and even threatened his commander in chief, the latter, being short-tempered, was unable to control himself and told Oviedo that he was out. He told Oviedo this because he obviously had it up his sleeve. It happened on the eve of Saint George's Day, the patron saint of the Cavalry, and during the final week before the Colorado Party elections. It was not done by choice, nor was it the right time. That is why everything went so badly off course, and new measures had to be improvised on the move."

The initial plan called for a change of command in the Army, and later the retirement, on 15 May. The proposed actions were to be calm and peaceful. Even if there was some tension, it was felt that nothing untoward would happen. The colonel revealed: "Nevertheless, the U.S. Southern Command headquartered in Panama sent 12 fighter planes to Santa Cruz de la Sierra, Bolivia, just in case."

Things did get out of hand in the end. We all know that Wasmosy retired Oviedo on 22 April, Oviedo refused and threatened to shell the presidential residence, the president cleared the residence together with his cabinet, high-ranking government officials, and the entire diplomatic corps, and — as he tells it — almost without realizing it, was pushed into a van and spent the night at the U.S. Embassy. Extraordinary. Spectacular. Ambassador Service took Wasmosy to the USA [as published] Embassy which means he was technically in asylum practically all night.

"From there on the country was left without a government. The Southern Command became active when Wasmosy wanted to resign to prevent bloodshed, keeping permanently in touch with Service, who was reporting developments blow-by-blow and receiving instructions. Wasmosy was no longer reacting on his own. His arms were moved for him, he was carted from one place to another, and the tactics and strategy to be used against the uprising were being decided for him," the colonel told us somewhat excitedly.

"He went on after taking a deep breath and drinking his second cup of coffee. Two courses of action were being analyzed at that point. One was to bring in troops from Panama, and use the planes parked in Santa Cruz. The other option was to resort to a ploy commonly used in warfare," the colonel explained. "The first approach was dangerous and very costly. The image of the United States was at stake, and the measure is hardly ever received well. Still, it was an option. The other option, the ploy, was to offer Oviedo an honorable way out: the Defense Ministry. For that, he had to request retirement. The question was to get him out of his bastion, disarm him, and then welsh on him," the colonel said sarcastically.

That is exactly what happened. "He was pulled out of his hole like a dangerous animal, a table was set up for him at the First Corps, and he was made to sign his resignation and his retirement. Oviedo did not get even a whiff of what was going on. OAS Secretary General Gaviria with his sarcastic smile, and Wasmosy with his obvious disgust toward the general and toward his, Wasmosy's, commercial partners who had betrayed him, were impatiently waiting for Oviedo to climb into the Trojan horse which, unlike the Greek one, was not entering the fortress carrying troops, but was leaving the Cavalry Regiment in fine style, carrying the ousted general inside it," the colonel concluded. "The whole thing has the unmistakable trademark of U.S. military intelligence. The war was won without firing a single shot. Outstanding," he summed up removing his spectacles.

Paraguay: Oviedo Views Wasmosy Request for Resignation

BR3004132696 Madrid EL MUNDO in Spanish 30 Apr 96 p 24

[Interview with Luis Oviedo, retired general and former chief of the Paraguayan Army, by Javier Espinosa in Asuncion; date not given: "Wasmosy Offered Me the Government" — first paragraph is EL MUNDO introduction]

[FBIS Translated Text] Asuncion — Last week retired General Lino Oviedo, 53, sparked Paraguay's biggest political crisis since that country returned to democracy in 1989. In an exclusive interview with EL MUNDO, Oviedo — an influential military man who has been compared to Chile's General Augusto Pinochet — denied that he had rebelled and made a number of "explosive" statements in which he accused President Juan Carlos Wasmosy of replacing him as Army chief because he was "bothered" by an alleged deal. He also said he was subsequently offered the presidency of the country.

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[Espinosa] Why did you rebel last week? Is it true that you threatened to bomb the president's residence and Congress?

[Oviedo] It is totally untrue that I intended to bomb the government palace, the president's residence, or any other target. We have courts which can summon generals, officers, conscripts, and so on. There are 15,000 witnesses (the Army) who can testify that General Oviedo at no time did order the troops to be billeted, much less give the order to attack any target whatsoever. General Oviedo is a true democrat, not like others who claim to be so but who in actual fact take advantage of democracy. I have risked my life to advance democracy; I do not exploit it.

[Espinosa] But the president himself said that you have revolted. So what happened on Monday, 22 April when you met with Wasmosy and he told you that you would be retired?

[Oviedo] The president demanded my replacement. He gave me an informal document which included the name of the person who would replace me. That document did not include either the day or time in which I was to hand over the post. Wasmosy told me: "Either you leave or I have to leave, because we cannot run the country together." I replied that I was not running the country, but I also told him if that was the solution to the corruption and insecurity ravaging the country, then I would do it willingly. Later, that very same evening, Wasmosy said that I had not obeyed his orders, that I had rebelled. How am I supposed to obey an order I never received? The whole thing was motivated by political interests which are seeking to discredit my plan for 1998 (the year in which presidential elections are to be held). It was all political maneuvering.

[Espinosa] The local media say that you attacked the president when he told you that you were being replaced.

[Oviedo] I have always shown respect for my superiors and inferiors. My parents taught me to be courteous.

[Espinosa] Did the president explain why he proceeded to replace you?

[Oviedo] Wasmosy explained it on Thursday afternoon after I surrendered the command of the Army and once it had been confirmed that I would not be a minister either. The president assembled all of the generals and colonels of the Armed Forces and told them that I had been replaced because I had influenced various senators to block the construction of a bridge over the river Parana. This bridge was supposed to be built by two of his companies. He said this to 160 generals and senior officers.

(According to what EL MUNDO has been able to verify, on 11 April the Senate rejected the construction of a second bridge uniting Paraguay and Brazil, a project that had been awarded to the companies Ecomipa and Conempa, owned by the Paraguayan president.)

[Espinosa] That is a very serious accusation. Are you saying that the president is corrupt?

[Oviedo] I will leave that answer to your subconscious. Put it to the president, the politicians, the people. I do not wish to run anyone down.

[Espinosa] Did you recommend to those senators that they block the construction of the bridge?

[Oviedo] I told them to follow their conscience. I am not involved in running the country's economy, although I am against corruption.

[Espinosa] Once you were notified of your dismissal, did you offer the presidency to the speaker of Congress, Milciades Casabianca?

[Oviedo] No. How am I supposed to offer it to him if the Constitution says something else? I was told by Wasmosy's envoys (Interior Minister Diogenes Martinez and close friends of the president, Ramon Jimenez Gaona (an engineer), Hugo Aranda (an architect), and Victor Galeano (a doctor) that the president did not want to go on. He himself asked me: "Do you not want it?"

[Espinosa] Who, Casabianca?

[Oviedo] No, the president.

[Espinosa] Wasmosy offered you the presidency?

[Oviedo] Yes. He said: "Either you stay in government and I leave, or I stay." According to him, the government had become ungovernable. "We have a two-headed government," he added. I told him that the Constitution said that if he resigned then the vice president would have to take over. I refused to assume responsibility for something that violated the laws of the nation.

[Espinosa] Did you demand the post of defense minister?

[Oviedo] No. It was the president's envoys who offered me that post. I asked them: "The president says that I am a hindrance in his government, so I do not know why he now wants [me to join the cabinet]?" According to them, Wasmosy had an "extra burden" on his conscience; he thought he had been unfair and ungrateful. Indeed the president summoned me on Wednesday in the company of my wife to Army headquarters. Also there were his aide-de-camp, General Evaristo Gonzalez, his private secretary, Ruben Melgarejo, and General Noguera (chief of the Armed Forces). In the presence of those men

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Wasmosy said to my wife: "Raquel, I am only disturbing you to tell you in the presence of these men that if "you want" your husband will be sworn in as minister this very afternoon. In the end we set a date for Wednesday at 1100. "My dear Onil (Wasmosy's nickname for General Oviedo) will be a member of my cabinet," he pronounced.

[Espinosa] When you arrived at the palace that day did you know that the president had decided to recant.

[Oviedo] No. I arrived with my wife at 1100 and I reported to his secretary. We were there in accordance with what the president had told us. He asked us to come into his office. Since then I have not been back to see him or the president.

[Oviedo] Is Paraguay still a democracy protected by the military?

[Espinosa] The people who died for democracy were military personnel. The Armed Forces are the protectors of that democracy. What better support could democracy have when it is guaranteed by the Armed Forces?

[Oviedo] Are you considered the Pinochet of Paraguay?

[Espinosa] That is an absurd comparison. Pinochet was president of Chile and then chief of the Armed Forces. I was a simple soldier. My great sin was to bring democracy and to be an enemy of corruption.

[Oviedo] Why is that a great sin? Do you regret it?

[Espinosa] No, because there were many people who did not want democracy to return. They exploited the state.

Paraguay: VP Says Colorado Party Has Heard 'Voice of God'

PY3004124396 Asuncion RPC Television Network in Spanish 0133 GMT 30 Apr 96

[Speech by Paraguayan Vice President Angel Roberto Seifart, runner up in the Colorado Party elections, from the party headquarters in Asuncion — live]

[FBIS Translated Text] Engineer Juan Carlos Wasmosy, president of the Republic; Dr. Luis Maria Argana, president of the Colorado Party Executive Board [applause, cheers]; Messrs. president of the party electoral court and members of the court [applause]; Messrs. elected members of the party executive board [applause]; presidents of Colorado Party precincts; leaders and caudillos [applause]; Colorado Party women [applause, cheers]; Colorado Party youth [applause]; fellow party women and men.

We have just written a golden page of Colorado Party history [cheers "true, true"]. After a long time of uncertainty and anxiety that kept not only the Colorado Party but the entire nation in suspense, we have been able to crown this internal process of renewing our party executive board members yesterday, through the mass participation of Colorado Party members in the elections that — to quote our brand new executive board president — helped cement the unity of the Colorado Party [applause, cheers] amid respect for, and compliance with the sovereign will of the people. [applause, cheers]

I greet the new party executive board and the new presidents of Colorado Party precincts nationwide. [applause] I want to tell you, to assure you, that I will continue to serve my party as firmly and as humbly as ever, as a member of the executive board. [applause]

We have just taught a lesson of lofty politics for which I want to congratulate all the leaders, all the caudillos, all Colorado Party men, women, and youths, who have been involved in this glorious feat of the Colorado Party. [applause]

We are pleased and proud because the people chosen to abide by something that is very close to our hearts: the sacred republican and nationalist principles of the Colorado Party. [applause] We are also celebrating the unity of the Colorado Party, a unity amid respect and tolerance for the opinions, decisions, and leanings of fellow party members, even if they may not think like we do. [applause, cheers "true, true"]

A great Colorado Party leader used to say: At times when the party is everything, we are nothing. Now our party can confidently look down a long path fraught with challenges that lie ahead of us because only organized parties, strong parties, parties that do not shirk democratic contests, can succeed in democracy. In Paraguay, the Colorado Party is the lever, the pivot, of the process of democratic institutionalization that the Paraguayan people seek. [applause]

The peasants, the workers, the Paraguayan people as a whole, can feel happy now because the old Colorado Party, the party of the humble people, the party of the masses, has again found the way to its destiny. [applause, cheers "very good"]

It is said that the voice of the people is the voice of God, our party has just heard the voice of God. [applause] Thus, united in our faith in the principles of our doctrine, united in our respect and consideration for fellow party members, we can confidently look into our future, and feel assured that the future belongs to the Colorado Party, that the Colorado Party will remain in power for many years to come because the nation needs it. It will rise to all the challenges that the new century will place on its path because its strength flows from the people,

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from the feelings of the people, and because rather than being just a party, it is a spirit that will live as long as the Paraguayan nation is alive. Thank you very much and I embrace you all. [applause]

Paraguay: VP Views Defeat in Colorado Internal Elections

PY3004145496 Asuncion ABC COLOR in Spanish 30 Apr 96 p 4

[FBIS Translated Excerpt] Asked about his defeat in the Colorado Party elections, Paraguayan Vice President Angel Roberto Seifart answered that it happened "only because of the situation." He explained that Colorado Party members voted against him "prompted by circumstances which are unfortunately unfavorable for the people and their hopes." He acknowledged that the people are "having to tighten their belts," and that the United Colorado Faction suffered the effects of the "severe economic recession and, as the pro- administration faction, we were punished for it." He emphasized: "I believe this played a key role."

Asked if [Colorado Party President-elect Luis Maria] Argana will dictate the administration's policy from now on, Seifart answered: "Absolutely not." He said that his faction and that of Argana have clearly different political approaches, "but we will discuss things at the Colorado Party Executive Board, and see what happens." He added: "We may not agree on a political approach, but we will coexist and seek agreements."

Seifart was reminded that Argana had always opposed the so-called governability pact. The vice president answered that the administration has its own opinion about this issue. He said: "The government policy is set by the administration, not by Argana's group even if it has the majority on the Colorado Party Executive Board."

Seifart admitted that the Colorado Party is divided into factions, but even so they will look for things in common. He said: "Even if we cannot say there is total unity, we can say the party is institutionally organized." [passage omitted]

Paraguay: Editorial Views Progress Achieved During Crisis

PY3004153296 Asuncion NOTICIAS in Spanish 28 Apr 96 p 20

[Editorial: "The Country We Want"]

[FBIS Translated Text] The only positive aspect of the aborted uprising on 22 and 23 April is that it clearly established the difference between the past and the future of the country. The coupist military officer, the threat of a military coup d'etat, the deliberation in the Armed Forces, the brandishing of weapons, the possibility of a bloodbath, were all from the past.

The country of the future must deal with all this and develop a new configuration, free from past shortcoming and old habits. The new country must be as fresh, clean, sparkling, and energetic as those young people who taught the lesson of strength, persistence, and faith in their own ability to turn what seemed to be the imminent victory of the dark forces, into a victory for democracy.

This new country must rise from the ashes of everything that happened during that troubled week in which we endured and overcame without breaking the institutional order, without an armed confrontation, without innocent deaths. Worth mentioning is the remarkable international solidarity, the presence of diplomats from Mercosur [Common Market of the South] countries, the near frantic efforts of the U.S. ambassador [Robert Service] to preserve the democratic system, the reaction of the people, and the magnificent vigil of the youth.

Although it has been said that there were no losers or winners, this is not true. There were winners and there were losers. In the severance with the past, the losers were first the advocates of a messianic solution based on the use of force, lawlessness, deceit, and corruption.

Politicians, especially those "middlemen" who clumsily sought to strike a deal with the enemy, also lost out. The winners were those who joined the people at squares, soup kitchens, among the pushing and shoving with the police, among the crowds that assembled on that memorable 25 April.

The winners were those who realized that unless they demanded respect for their right to live in an atmosphere of decency, respect for the law, and respect for the institutions, they would see their hopes for an honorable existence thwarted. They showed they had made up their minds not to let it happen, and they won.

For the time being, the country we want, the country where the law is respected and everyone is equal before the law, prevails. The country where there are no visionary saviors, but rather earnest, productive work, and solidarity, prevails. The country we want must be protected because no one should believe the aborted uprising was the only obstacle on our path toward definitive institutionalization.

The country we want is within our grasp, but it is not ours yet.

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Peru

Peru: Fujimori Closes Conference on Terrorism in Lima

PY0105013196 Lima EL COMERCIO in Spanish 27 Apr 96 p A4

[FBIS Translated Text] President Alberto Fujimori termed yesterday the OAS Human Rights Commission charges of human right violations in our country as incomprehension and a serious lack of knowledge of the war the Peruvian state is still waging against of what remains of terrorism.

On 21 April that commission said that "it has observed with concern and has referred on several occasions to the situation of violence in Peru" in a document that was delivered to OAS Secretary General Cesar Gaviria.

The document says that the Peruvian state violated the American Convention on Human Rights and asked the President Fujimori administration "to report to the commission on the measures adopted" to punish the people responsible for the violations and to compensate the relatives of the victims.

Fujimori said: "We are consolidating the peace process in Peru but despite the fact that we have unmasked terrorism, there are still examples of incomprehension and lack of knowledge of the reality of the war that the Peruvian state is still waging against what little remains of terrorism."

Fujimori believes that the incomprehension is disguised, "I don't know under what pretext for the zealous defense of human rights in Peru, as if the Peruvian Government, by preventing a bloody civil war, has not already served, and how, to the world cause for peace and human rights."

Using the same OAS forum, whose Human Rights Commission made the charges, President Fujimori pointed out that the national peace process has been the least bloody of the last few years in the world.

A few minutes before his speech closing the conference on terrorism, Fujimori showed a video, that was seen by the about 400 people attending the conference, with images of the effects caused by terrorism.

Fujimori noted that 200,000 families were affected by terrorism in Peru; 10,000 families were displaced from their homes; the economic loses amounted to $25 billion; and there are 8,000 disabled people, 50,000 orphans, and 25,000 dead as the result of the more than 15 years of counterrorist struggle that began in May 1980 in the Chuschi settlement, Ayacucho Department, with the destruction of electoral material.

Fujimori said that Peruvians don't want any country to suffer what they did. Fujimori added: "Terrorism never again in Peru."

This is why Fujimori praised the agreement of the OAS members not to protect terrorists who want to take refuge under the asylum or refugee status as people who are "persecuted for political reasons."

Fujimori emphasized that those who put a bomb and murder innocent people or participate in activities that do not respect human lives, either in Lima, San Salvador or Oklahoma, cannot have the nerve to consider themselves being persecuted for political reasons.

Fujimori also said that terrorism is linked to the struggle against drugs but he revealed that its strategy, although correct, is limited because the country does not have enough resources to carry out a real alternative to the coca economy.

Fujimori added: "This is perfectly well known by the large drug consuming countries, from which we have demanded and will continue to demand, in order to have a more effective struggle, a responsibility in accordance with their resources and with their frequent interest for eradicating this social scourge."

Fujimori said before the representatives of more than 40 countries that drug trafficking not only associates itself with terrorism but also with any criminal activity. He added: "This is why it is so dangerous."

He said that the most obvious and better known is the one that makes the laundering of narco-dollars possible.

Fujimori said that our legislation already fully attacked this problem, "even though only $500 million is laundered here in comparison to the developed countries where about $300 billion are laundered."

A few minutes later, President Fujimori, OAS General Secretary Cesar Gaviria, and Peruvian Foreign Minister Francisco Tudela closed the special conference on terrorism.

Peru: Highlights of Lima Declaration on Terrorism Issued

PY3004211496 Lima EL COMERCIO in Spanish 27 Apr 96 p A10

["Highlights" of Lima Declaration to prevent, combat, and eliminate terrorism signed by representatives of 34 OAS member countries]

[FBIS Translated Text] — Terrorist violence erodes peaceful and civilized coexistence, undermines the state of rights and the exercise of democracy, and jeopardizes

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the stability of national institutions and the socioeconomic development of our countries.

— Terrorism, as a serious expression of deliberate and systematic violence aimed at creating chaos and fear among the population, generates death and destruction and constitutes a condemnable crime.

— The governments hereby express their willingness to offer their full cooperation regarding extradition practices in compliance with domestic laws and enforced international agreements without detriment to the rights of states to grant asylum whenever warranted.

— It is indispensable to adopt whatever measures of bilateral and regional cooperation are necessary to prevent, combat and eradicate, through pertinent legal means, all terrorist actions at the hemispheric level.

— They expressed their decision to intensify cooperation among the member states to combat terrorist actions, fully upholding the state of rights and international regulations, particularly those referring to human rights.

— It is important for OAS member states, as soon as possible, to ratify and adhere to international treaties on terrorism, and, whenever necessary, to implement them through their respective national legislation.

— As was stated by the heads of state and government at the Summit of the Americas, terrorism constitutes a violation of the basic rights and freedoms of individuals and an attack on democracy.

— The member states hereby categorically condemn all terrorist actions and tactics wherever perpetrated, no matter who executes them, the tactics used and the reasons alleged to justify them.

— Terrorist actions constitute serious common crimes and, as such, they should be tried by national courts in compliance with the domestic legislation and legal guarantees enforced in a state of law.

Peru: Papers Outline Crisis Within Fujimori's Cabinet

PY3004170996

[FBIS Report] Lima GESTION in Spanish on 22 April, page 4, carries an unattributed 900-word article related to the withdrawal of Santiago Fujimori, President Alberto Fujimori's brother, from the government because he has no participation in Prime Minister Alberto Pandolfi's cabinet. The article states that Santiago Fujimori left yesterday for the United States to take specialization courses under the James Mason Program at Harvard. It adds that despite official denials, Santiago's withdrawal from the cabinet is a reality. It says: "Although there are many reasons for the deterioration of relations between the two Fujimori brothers, there were two main factors that precipitated the decision and achieved a 'strategic' alliance between Jaime Yoshiyama and Vladimiro Montesinos." The second factor of Santiago's withdrawal is reportedly linked to changes former Prime Minister Dante Cordova had begun in the privatization committees and the detailed reports he had been requesting. The article says that during Santiago's absence, power will be in the hands of Jaime Yoshiyama, Vladimiro Montesinos, and Jorge Camet. How long will the absence of Santiago Fujimori last, no one knows. It is said that he has gone for a few months, or perhaps a year.

Another unattributed 600-word article GESTION on 23 April, page 8, reports that Santiago Fujimori had a ticket for Miami on 19 May via American Airlines, but that he suspended his trip at the last moment for no reason. This article also comments on Santiago Fujimori's recent functions at Government Palace, adding that the ministerial crisis led to the designation of Alberto Pandolfi as prime minister. This created a new correlation of forces, a relation of influences which left the president's brother progressively without a footing. The article adds that Santiago's withdrawal will force the president to adopt new measures to fill the vacuum left by his brother.

Peru: Commentator Views Fujimori's Declining Palace Power

PY3004160396 Lima LA REPUBLICA in Spanish 21 Apr 96 p 6

[Mirko Lauer's Column: "Concern Among Substitutes"]

[FBIS Translated Text] There are increasing signs that the fall of the Cordova cabinet was a moment of substantial change in relations between Alberto Fujimori and the Peruvian Government. The image of five former ministers seeking refuge at Government Palace reveals a president who faces problems ridding himself of his men of confidence.

That single fact is interesting in the life of a politician accustomed to cast his main assistants into the abyss. But it is also interesting if we consider that among the five at the palace are well known figures who might return to ministerial posts, among them Dante Cordova and Manuel Vara Ochoa.

The one who no longer works at the palace is Santiago Fujimori, and there are insistent rumors that he has been sent to the northern hemisphere to take academic courses for some months. And just when, for the first time, he had agreed to talk to a TV station, during Pandolfi's swearing in ceremony. Alberto Fujimori is thus losing his all-time and closest adviser.

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The former ministers who have been entrenched at Government Palace are Alberto Fujimori's closest friends — something that cannot be said about one single member of the current cabinet. But the issue is not friendship, but confidence: The impression is that new recruits bring tacit or explicit commitments to the government, inside and outside the executive branch, which is no longer controlled by Fujimori.

The departure of his brother and of minister-friends indicates that the real power, that is, the power Alberto Fujimori seemed to have, has moved to the Jorge Camet-Vladimiro Montesinos-Jaime Yoshiyama wing. Now they rule the economy without explanations or rivals, and are goose-stepping toward the administration of military matters.

It is evident among journalistic circles that, about three months ago, gossip and reports from inside the palace related to Santiago Fujimori suddenly increased. Also becoming apparent is the ease with which one gains access to reports related to the current military board. In a regime obsessed by information, those are rarely strokes of luck.

Perhaps it is still early to refer to Fujimori as an interposed president, but it is not to early to ask what is precisely on his agenda these days. The economic process seems to be tied up much beyond 2000, and the effectiveness of donating computers, classrooms, or small civilian projects is quickly falling behind.

Moreover, it is said that sectors of the economic and political right close to the government are beginning to think of a new change that will not force them to play the Fujimori card in 2000, or even before. The argument is a combination of political weariness and unpredictability. The names most often mentioned are: Carlos Bolona, Alberto Andrade, and even Yoshiyama.

Undoubtedly this is a scenario difficult to corroborate in the short term. Nevertheless, the indications seem difficult to hide, and once in the open, even more difficult to explain. The story behind the decline of Santiago and of the precarious palace tenants awaits a consistent and convincing outcome.

Peru: Congressman Admits Ex-Ministers Advise Fujimori

PY3004114496 Lima LA REPUBLICA in Spanish 22 Apr 96 p A8

[FBIS Translated Excerpt] Congress First Vice President Victor Joy Way, who is considered very close to President Alberto Fujimori, admitted yesterday that a group of ex-ministers such as Absalon Vasquez, Dante Cordova, Jaime Sobero, Manuel Vara, and Eduardo Yong Motta have become advisers to the president as a virtual parallel cabinet.

Joy Way congratulated the ex-ministers for continuing to work as President Fujimori's advisers.

He added: "I believe this is alright and there is nothing strange about it. The fact that a minister left the cabinet does not mean he lost his ability, experience, and desire to continue cooperating with the country or that he is an enemy of the government."

He said: "If the president believes it appropriate to summon them because their knowledge, advice, and ability are necessary for the country, they should be welcome."

Regarding the call for a referendum on Petroperu, Joy Way said that the population was deceived by groups of union and political leaders who found some kind of reason to question the government.

Peru: Law Grants Benefits for Repentant Drug Traffickers

PY2904184696 Lima EL COMERCIO in Spanish 25 Apr 96 p A13

[FBIS Translated Text] As it did during the antiterrorist struggle, the government has enforced penal benefits for those who supply information that assist in, or lead to the arrest of drug kingpins or the disruption of drug trafficking mafias.

The benefits include immunity, parole, and pardon for those involved in drug trafficking offenses for who are free, for those undergoing trials, or who have been sentenced for this crime.

Immunity, as established under Title 3 of this law, will be granted to those who are not under police investigation or undergoing a trial process on charges of drug trafficking.

To be eligible for immunity, the person must provide timely and accurate information that leads to the identification and arrest of leaders or kingpins of national or international drug trafficking, arms trafficking, or money laundering organizations.

It will also be applicable to those who supply information leading to the confiscation of drugs, chemical precursors, money, raw materials, property, or infrastructure used in drug manufacture.

Those serving a sentence on charges of drug trafficking, money laundering, or illegal arms trade will be eligible for parole if they supply information that leads to the arrest of kingpins.

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First-time offenders will be eligible for one-time pardons if they have already served one third of their sentence and provide information which helped in to arrest drug trafficking 'kingpins.'

Peru: Shining Path Members 'Infiltrate' Organizations

PY3004115296 Lima EXPRESO in Spanish 21 Apr 96 p A2&

[FBIS Translated Text] The dissidents of the decimated Shining Path terrorist gang headed by Oscar Alberto Ramirez Durand, aka "Feliciano," are desperately trying to gain supporters in labor unions, universities, and neighborhood organizations, especially in Lima, said a source of the National Counterterrorism Directorate, Dincote.

According to the source, the few criminals still remaining in the so-called "armed struggle" have been able to infiltrate several institutions and associations of poor sectors. Their goal is to spread their utopian ideas and recruit those who are easily fooled.

To do that, said the source, the terrorists implemented the same strategy used by Abimael Guzman Reinoso, now in prison, in the decade of the 1970's to gain control of the minds of hundreds of youngsters who, blinded by Guzman's ideas, joined the Shining Path gangs.

The same source said that the actions of the Shining Path fanatics were detected in the last few days through intelligence work by the Dincote in various labor unions, universities, and associations in poor neighborhoods.

The terrorists have been fully identified and their capture is expected any time. "Unfortunately" for the subversives, the people have totally rejected the proposals of the Maoist fanatics.

Peru: 'Contradrogas' Commission To Combat Use of Drugs

PY2904183596 Lima EL COMERCIO in Spanish 25 Apr 96 p A13

[FBIS Translated Text] The Peruvian Government has established the Commission for the Struggle Against Drug Consumption [Comision de Lucha Contra el Consumo de Drogas] 'Contradrogas' in a coordinated effort to confront the expansion of drug trafficking and its several ramifications and international connections in Peru.

The law describes Contradrogas as the national organization in charge of designing, coordinating, and enforcing overall actions to prevent drug consumption. Contradrogas will thus have direct control of all practices, economic and financial means, connections, and material means used by drug trafficking to conduct its activities.

The Peruvian Government established Contradrogas in compliance with Decree 824, the Drug Enforcement Law. Contradrogas will be responsible for undertaking actions to prevent drug consumption, contribute to the establishment and/or backing of rehabilitation programs for drug addicts, and promote the replacement of crops.

The law published yesterday in the EL PERUANO newspaper legal supplement also establishes that Contradrogas will develop national education programs on the dangers of drug consumption, and the production, traffic, and small-scale sale of coca byproducts.

Peru: Restructuring of Antinarcotics Struggle Viewed

PY2604144596 Lima America Television Network in Spanish 0100 GMT 26 Apr 96

[FBIS Translated Text] Interior Minister Juan Briones Davila today said the recently established Commission Against Drugs [Comision Contra Las Drogas, Contradrogas] will complement the government's antinarcotics strategy.

[Begin recording] [Briones Davila] Contradrogas, the Commission Against Drugs, is part of the overall national counter-narcotics struggle. Furthermore, it embodies the so-called Fujimori counter-narcotics struggle which does not only center on interdiction but also encompasses a series of measures regarding the promotion of alternative development, the replacement of crops, and prevention measures because we would rather prevent than interdict. By prevent we mean educating the people against consumption.

[Unidentified reporter] Does this mean the Armed Forces, both the Air Force and the Army, will withdraw from the counter-narcotics struggle? When will the Armed Forces pull out of this activity?

[Briones Davila] The complementary clauses of this law establishes a timetable for its enforcement. As you know the police have already been deployed, that Dinandro [National Antidrug Directorate] has been properly restructured, that we have properly trained its personnel, and improved its materiel and equipment. I believe, therefore, that this transference of responsibilities will be simple. We will have to complement Dinandro's activities in some areas such as in the control of airports and ports. It is there we must complement our activities through the assignment of personnel. Nevertheless, Di-

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nandro has already been active in coca producing areas and at the national level as well. [end recording]

Peru: German Foreign Minister Arrives, Meets Fujimori

PY0105024996 Lima America Television Network in Spanish 0100 GMT 1 May 96

[FBIS Translated Text] German Foreign Minister Klaus Kinkel arrived in Lima today for a two-day official visit. He said he came with several German businessmen who are very interested in investing in Peru.

[Begin recording] [Unidentified reporter] Klaus Kinkel arrived in the 8th Air Group at 1400 where he was welcomed by Peruvian Foreign Minister Francisco Tudela. Kinkel arrived in the company of a large delegation made up German congressmen, government officials, and important businessmen of several companies. Kinkel's first activity was at a home for abandoned children in Brena District. Kinkel inspected the facilities where the children receive education and medical attention, and also where parents are helped with the cooperation of the Lutheran Church of Peru. Kinkel then met with President Alberto Fujimori at Government House. Although the issues discussed were not disclosed, it was learned they were mainly issues related to possible German investment in Peru due to the good conditions of the Peruvian market. Peru is the Latin American country that gets the most aid from Germany. Kinkel said that German participation can increase due to the interest shown by German businessmen to invest in Peru.

[Kinkel, in German with simultaneous translation] My delegation is made up of representatives of all sectors of the German private economic sector, representatives of the service sector, banks, insurance, and also representatives of companies involved in water projects, investors of the auto industry, and many others.

[Reporter] After meeting with President Fujimori, Kinkel, along with his delegation, concluded his visit with a meeting with Foreign Minister Francisco Tudela. [end recording]

Peru: Ecuadoran Presidential Candidate Views Rio Protocol

PY2604180596 Lima EXPRESO in Spanish 24 Apr 96 p A31

[Column by Patricio Ricketts Rey de Castro: "New Transition?"]

[FBIS Translated Text] **"The Rio de Janeiro Protocol has been overtaken by circumstances. It has been overridden by a number of factors, but essentially it does not guarantee peace, maintain friendship, or establish the border, and for this reason it must be superseded, I repeat, through discussion, through a new honorable transaction."**

These words of Dr. Jaime Nebot Saadi were carried in Ecuador by TV Si and in Peru by Global Television, on 17 April. They are very significant, first because of their meaning, and particlarly because of who said them, and under what circumstances.

Lawyer Nebot leads the Ecuadoran presidential candidacy polls. His vice presidential candidate is the top Ecuadoran expert in international matters, Foreign Minister Diego Cordovez, whose expertise in the Rio de Janeiro Protocol is worthy of mention. The candidate is proud of his frankness. He believes that presenting a clear and concrete program is the key to electoral success. If public opinion follows him it is because he has explained how to face the country's problems. Within that context and with that intention he said what he considers pertinent about the protocol.

Let us assess his words. Without exaggeration but categorically, Nebot rejects the protocol. He considers it: 1. "overtaken by circumstances"; 2. "overridden by a number of factors"; 3. "inconducive for the establishment of borders." Thus, what he proposes is "a new transition," that may "supersede" the Protocol. He may not implement it — let it be well understood — interpret it, or propose it. through supplementary agreements. No, what Nebot wants is to disregard it through a "new transition."

What he wants to discuss, in sum, is a new border. When Nebot speaks we are not listening to an emotional beginner in judicial matters, like the current Ecuadoran president. He is a cold jurist who outlines a government program in one of the most sensitive points of the electoral decision. He professionally measures his words. Given the great possibility of having him as president-elect within a month and leading the government in August, he is a matter of concern.

Nebot's remarks clears the mist that was created rather than eliminated by the list of "subsistent impasses" reached by the outgoing government's foreign minister, and which was not even discussed with Peru. The candidate with the best chance of winning does not hide his disagreements with Duran-Ballen and it is obvious that by no means could he feel tied by Leoro's opinions. We have already seen he disqualifies the protocol as Gen. Moncayo has done. To believe we are in control of the problem is mere fantasy.

It is also a fantasy to believe in the "guarantee" given by Argentina, Brazil, Chile, and the United States in 1942 to resolve "any doubt or disagreement"... "as

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soon as possible." Finally after 54 years we are at the starting point, with Nebot proposing "a new transition." Meanwhile Argentina in a concealed manner is selling weapons in the middle of the conflict and the United States is apparently preparing its own version of the "new transition" at the cost of Peru.

In sum, the protocol is in danger. Never, in more than half a century, has the threat been so clear and so serious. If we do not understand that the only true guarantee is our Armed Forces and that they need immediate attention to fulfill that mission with the efficiency of 1942, we will face problems, very serious problems.

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